

PROPOSED  
PUBLIC SCHOOL  
EMPLOYEES'  
RETIREMENT CODE

General Assembly of the Commonwealth of Pennsylvania  
JOINT STATE GOVERNMENT COMMISSION  
Harrisburg, Pennsylvania      June 1974

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The Joint State Government Commission was created by Act of 1937, July 1, P. L. 2460, as amended, as a continuing agency for the development of facts and recommendations on all phases of government for the use of the General Assembly.

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1973-1974

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TASK FORCE ON REVISION AND RECODIFICATION OF THE  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT CODE

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**GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA  
JOINT STATE GOVERNMENT COMMISSION**

**ROOM 450 - CAPITOL BUILDING  
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June 28, 1974

TO THE MEMBERS OF THE GENERAL ASSEMBLY:

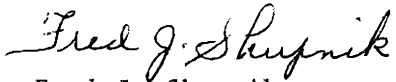
House Resolution No. 168, adopted November 15, 1972, directs the Joint State Government Commission to comprehensively review the Public School Employes' Retirement Code and to prepare a recodification for presentation to the General Assembly. The resolution specifically calls upon the Commission to evaluate the administration of the retirement system and its impact upon its members as well as to simplify and modernize the underlying law.

In this publication, the Task Force on Revision and Recodification of the Public School Employes' Retirement Code--authorized by the Commission's Executive Committee on June 4, 1973--presents a proposed retirement code, intended for incorporation in the Consolidated Pennsylvania Statutes as chapters 81, 83 and 85 of Title 24. To facilitate understanding of this revision and comparison with current law, a brief task force report, a summary of major policy changes and cross-reference tables are also included.

The revision was prepared by the staff of the Joint State Government Commission, under the immediate supervision of Ruth McKee, Ph.D., senior mathematician, with technical assistance from Hugh Gillespie, F.C.A., vice president and consulting actuary of George B. Buck Consulting Actuary, Inc., the consulting actuary for the Public School Employes' Retirement System; Kenneth Ross, F.S.A., F.C.A., president of Huggins and Company, the consulting actuary for the State Employes' Retirement System; and the late Howard L. Bozarth, Esquire, legal consultant to the Commission. Throughout the preparation of the recodification, Deputy Attorney General Raymond Kleiman was consulted with respect to legal interpretations and Frank R. Cashman, secretary of the Public School Employes' Retirement Board, and his staff were consulted concerning administrative procedures.

The Commission expresses appreciation to the state officials and the leaders of statewide educational organizations who responded to the request for recommendations concerning the preliminary draft of the recodification with detailed analyses.

Respectfully submitted,

A handwritten signature in cursive script that reads "Fred J. Shupnik".

Fred J. Shupnik  
Chairman  
Joint State Government Commission

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## TASK FORCE REPORT

Over the past half century, each session of the General Assembly has witnessed the introduction of numerous bills amending the laws of the Commonwealth's sister retirement systems--the State Employees' Retirement System and the Public School Employees' Retirement System. Recent sessions have been distinguished, however, by the emphasis placed on comprehensive revision of these laws. The first major revision of the state retirement code was enacted on March 1, 1974 as Act No. 31. Directed by House Resolution 168 of 1972, the Joint State Government Commission Task Force on Revision and Recodification of the Public School Employees' Retirement Code has prepared a proposed recodification for introduction in the General Assembly. The expeditious passage of this recodification, which simplifies and significantly improves the school retirement law, will be a major achievement of the Session of 1974.

### Current Law

A legislative enactment of 1917 established the Public School Employees' Retirement System, which is funded by employer and employee contributions and now provides retirement and death benefits for professional and nonprofessional public school employees. To relieve school districts of the total burden of the employer contribution, the Commonwealth shares the costs of the employer contribution equally with the school districts.

Since the establishment of the system, the General Assembly has added a profusion of amendments, which have often introduced inconsistencies into the school retirement laws. In 1959, the statutes of both the school and state retirement systems were codified, but existing law was retained in most respects. Subsequently, the Legislature passed 39 acts effecting 232 amendments to the 1959 school retirement codification. The resulting code is poorly equipped to direct the administration of a complex retirement system having a total fund of over \$2 billion and more than 220,000 contributing members and 40,000 annuitants.

It has been apparent for some time that deficiencies in the current law inhibit the effective functioning of the Public School Employees' Retirement Board. For example, the status of the board under the Department of Education hampers the administration of the system in many respects--such as in the hiring of personnel and in obtaining data-processing services. The ex officio chairman of the retirement board, the Secretary of Education, is overburdened by his obligations to the board in addition to his responsibilities to the entire public educational system of Pennsylvania. Furthermore, because numerous rights, duties and procedures are unclear or inconsistent in the current law, many decisions properly the prerogative of the Legislature are of necessity being made by the board, the actuaries and the Attorney General. Finally, the strict limitations on authorized investments inhibit the long-run investment performance of the retirement fund.

Due to the piecemeal approach to retirement legislation, a number of significant inequities have crept into the law over the years, resulting in differential treatment and benefits accorded members with similar service characteristics. For example, inequities are involved in the eligibility to purchase retirement credit for previous military

service, the retirement and death benefits available to members with more than 10 years of service, the interest assessed in the purchase of credit for previous service, the compensation used as the basis for calculating benefits and the options granted retirees.

Inequities also are apparent in the system's membership rights and in the employer and employee representation on the retirement board. Part-time school employees are excluded from membership in the system, and the membership rights of employees working on federally funded projects are determined by the employer. Currently there is no school-board member or nonprofessional school employee on the retirement board and no specific provision requiring such representation.

#### Task Force Deliberations

In its deliberations, the Task Force on Revision and Recodification of the Public School Employees' Retirement Code considered the difficulties and inequities arising from the current law as well as the impact and funding problems of liberalized retirement benefits promoted by statewide educational organizations. The task force also evaluated proposed amendments which have been introduced in the Legislature, recommendations of the staff of the retirement board concerning detailed administrative procedures and cost estimates of proposed changes. Although an effort was made to parallel the major provisions of the recodification with those of the new state retirement code, the task force recognized certain basic differences in the two systems and did not always impose conformity.

Following the circulation of a preliminary draft of the revision to interested state officials and organizations, meetings were held in the Commission offices on April 15 and May 30, at which the following individuals presented testimony concerning the revision: Secretary of Education John C. Pittenger; Deputy Auditor General

C. Paul Brubaker, Jr.; Robert C. Baldis, vice president, Pennsylvania State Education Association; Marvin Ginsburg, executive secretary, Pennsylvania Federation of Teachers (AFL-CIO); Fred M. Hedding, executive director, Pennsylvania School Boards Association; Dr. B. Anton Hess, executive secretary, Pennsylvania Association for Elementary and Secondary Principals; and Thomas H. Reniers, president, Pennsylvania State Retired Teachers Association. The task force authorized representatives of these organizations to meet individually with the Commission staff to discuss technical aspects of the recodification. All suggestions were carefully considered for inclusion in the final draft of the proposed code.

### Conclusions

Following comprehensive review of the administration of the code and its impact upon members of the system, the task force has made changes in the recodification of the Public School Employees' Retirement Code that would:

1. Provide a more concise and understandable law.

The structure of the proposed code is basically the same as the 1959 codification, which also was prepared by the staff of the Joint State Government Commission. However, in addition to major policy revisions, the language has been simplified; obsolete and superseded provisions deleted; conflicts resolved; and rights, duties and procedures explicitly set forth. The revised language has been thoroughly reviewed by experts in retirement law to insure that rephrasing will not unintentionally affect the application of the law.

2. Increase administrative effectiveness of the retirement board.

To increase the board's administrative flexibility, the proposed code would remove the retirement board from the Department

of Education and establish it as an independent entity with increased powers and responsibilities. Administrative responsibilities and procedures are specifically set forth and penalties mandated if these duties are not fulfilled. For the first time, the retirement board would be required to submit an annual budget to the General Assembly. New provisions also would ease the restrictions on the amount the board may invest in common stock and allow investment in conventional mortgages and real estate.

The changes relating to administrative procedures and the status of the retirement board would not significantly increase employer costs. In fact, once instituted they should reduce employer and employee costs associated with controversy and litigation arising from disputes concerning rights and benefits. These changes would also reduce the often lengthy time period prior to the arrival of the first annuity check as well as the time required for the actuary to provide valuations of the fund.

### 3. Provide equitable benefits and uniform treatment of members.

In the recodification, numerous inequities were eliminated which currently exist not only within the school retirement system but also between the school and state retirement systems. The latter inequities are significant in light of the fact that many employees are members of both retirement systems and are now eligible for a number of rights and benefits different from those available to other school employees. Following are changes eliminating inequities between the two systems which involve measurable additional costs to the employer (the Commonwealth and the school districts):

--Reduction in the employee contribution rate from 5.5 to 5 percent of annual salary. State employees have had the right to

elect the 5 percent contribution rate since 1968. The actuary for the school retirement system (George B. Buck Consulting Actuary, Inc.) estimates the annual employer cost of this revision to be .45 percent of payroll. (The total payroll of school employees is expected to be in excess of \$2 billion for the 1974-1975 fiscal year.)

--Reduction from 25 to 10 years in the service requirement for eligibility for full death benefits and for a reduced annuity prior to superannuation age. The annual employer cost of this change, together with the cost for extending eligibility for full death benefits to the beneficiaries of vestees, is estimated at .2 percent of payroll.

--Reduction in the service requirement for a disability annuity from 10 to 5 years. The actuary estimates the annual employer cost at .05 percent of payroll.

--Removal of the time limit and revision of the cost basis for purchase of retirement credit for military service. The annual employer cost is estimated at .03 percent of payroll.

It should be remembered that the costs associated with the above policy revisions are actuarial estimates not subject to precise determination.

To eliminate another inequity between the school and state retirement systems, the task force recommended calculation of annual retirement pensions on a three-year rather than five-year final average salary (a change estimated to have an annual employer cost, based on a realistic salary scale, of .66 percent of payroll). However, a separate bill containing this provision, House Bill 247, was signed into law by the Governor on June 18, 1974 as Act No. 119.

Information is not available to estimate the costs of including part-time school employees in the system. These costs should be offset to a great extent by the savings resulting from such changes as improved administrative procedures, the mandatory charging of interest on contributions for the purchase of past service credits and the freezing of the present value of annuities of members who return to service. Overall, it is anticipated that the net employer cost attributable to the policy changes under the recodification would be approximately three-fourths of one percent of annual covered payroll.

Several of the individuals testifying before the task force suggested additional changes that would be beneficial to members of the system. Among these were proposals for cost-of-living increases, reduction in superannuation age, reduction in the number of years of service required for full retirement benefits, inclusion of additional employee groups in the system and increase in the minimum benefits. The members of the task force, although interested in some of these liberalizations, determined that inclusion of any of these proposals involving significant additional expenditures by both the Commonwealth and the school districts would not be within the purview of the task force. They feel the proposals should be placed before the Legislature as amendments to the recodification following its introduction.

## SUMMARY OF MAJOR POLICY CHANGES

### Chapter 81. Preliminary Provisions

1. The member's basic contribution rate is reduced from 5.5 percent to 5 percent. (§8102)
2. The basis of the final average salary is reduced from five years to three years. (§8102) (House Bill 247 providing for this change was signed into law by the Governor on June 18, 1974 as Act No. 119.)
3. An employee's membership in the system is limited to two years while he is on leave without pay. (§8102)
4. The interest rate to be used in valuation estimates is increased from 5 percent to 5.5 percent. (§8102)

### Chapter 83. Membership, Contributions and Benefits

1. Certain school employees may elect to become members or to retain membership in an alternative approved retirement program rather than to become members of either the Public School Employees' Retirement System or the State Employees' Retirement System. (§8301)
2. Part-time salaried school employees are required to be members of the system. Part-time employees who are paid on a per diem or hourly basis are required to become members after having been employed for 80 full-day sessions or 500 hours during the school year 1974-1975 or any school year thereafter. (§8301 and §8302)
3. Future school employees working under federally funded projects are required to become members of the system. (§8301)



4. School employees who elect membership are required to make contributions for all school service from the original date of eligibility until termination of such service. (§8301)
5. Per diem and hourly employees receive one year of credit for 180 full-day sessions or 1100 hours of employment but no more than one year of credit for any one school year. (§8302)
6. Multiple service members who are active members in the State Employees' Retirement System have the privilege of purchasing credit for past school or creditable nonschool service. (§8303 and §8304)
7. The time limit is removed and the cost basis is revised for the purchase of credit for military service. (§8304 and §8324)
8. Previous service as an employee of a county board of school directors is purchasable by members who were transferred to the school system. (§8304) Members are required to pay only the member's share in this case. (§8324)
9. A member who purchases any previous school or creditable nonschool service or elects to become a full coverage member is required to become a member of Class T-C. (§8305)
10. The number of years of credited service required to become eligible for an annuity is reduced from 25 years to 10 years. (§8307)
11. The number of years of credited service required to become eligible for a disability annuity is reduced from 10 years to 5 years. (§8307)
12. The number of years of credited service required to become eligible for a full death benefit is reduced from 25 years to 10 years. (§8309 and §8347)

13. A member who elects to purchase credit for public school service not previously credited is required to pay only the member's share. (§8323)
14. Statutory interest is included in the cost for credit for previous school service, creditable nonschool service, full coverage or transfer to Class T-C membership. (§8323 and §8324)
15. Uniform procedures are established in the event of incomplete payments at the time of a member's termination of service. (§8325)
16. All costs are apportioned equally between the Commonwealth and employer in accordance with administrative practice; current law provides that all costs except supplementary payments be divided equally. (§8326, §8327 and §8328)
17. The employer is required to pay the employer's contribution directly to the fund each month at the same time he pays the members' contributions. (§8327)
18. The funding period of any future additional liability due to an increase in benefits to annuitants is reduced from 30 years to 15 years. (§8328)
19. The board is to certify to the State Treasurer each quarter the amount due from the Commonwealth to the fund for the preceding quarter and the Commonwealth is required to pay such amount within 30 days of receipt of certification. (§8330 and §8502)
20. A general condition applicable to all options is added in conformance with IRS regulations and explicit conditions are set forth under the Option 4 election. (§8345)
21. The number of days an annuitant may return to school service without foregoing his annuity payments is decreased from 70 days to 60 days. (§8346)

22. An annuitant who returns to school service for more than 80 days forfeits his annuity and at this time the present value is frozen. An annuitant who enters State service forfeits his annuity only if he elects multiple service membership. (§8346)

#### Chapter 85. Administration and Miscellaneous Provisions

1. The board is established as an independent board. (§8501)
2. The board membership is increased by two members--one representing the nonprofessional school employees and one representing the members of public school boards. (§8501)
3. An appointment of a board member by the Governor replaces the election of a member by the board. (§8501)
4. Three-year terms are established for appointed board members. (§8501)
5. The board members elect the chairman of the board. (§8501)
6. Penalties are established in the event either the board or an employer fails to comply with the law. (§8501 and §8502)
7. Members of the board who are not members of either the State or school retirement system are to be paid \$100 per day in addition to traveling expenses when attending meetings. (§8501)
8. The board is to employ a chief medical examiner. (§8502)
9. An administrative budget is to be submitted annually to the General Assembly. (§8502)
10. The certification by the actuary as to the rates and amounts of the employer contributions required is to be final. (§8502)
11. The board is required to mail each member's annual statement to his home address rather than to his place of employment. (§8503)
12. The right of election to purchase full coverage credit of any joint coverage annuitant who retired prior to July 1, 1962 is terminated as of July 1, 1975. (§8505 and §8508)

13. A former member of the State Employees' Retirement System is not automatically required to become a multiple service member but has the right to elect multiple service membership within 90 days of entry into the school retirement system. (§8506 and §8507)
14. A vestee may apply for an annuity at any time prior to attainment of superannuation age. (§8507)
15. An annuitant who elected Option 2 or 3 at the time of retirement is permitted to elect a new option in the event his marital status changes subsequent to his application for an annuity. (§8507)
16. The limitation on investment in common stock is increased from 10 percent to 25 percent of the total assets of the fund. (§8521)
17. The percent of the total assets of the fund permitted to be invested in common stock in any one year is increased from 2 percent to 5 percent. (§8521)
18. The board is authorized to diversify its holdings by investing in real estate and in so-called conventional mortgages secured by real estate located in the United States. (§8521)
19. The six-ledger accounts of the fund are consolidated into three accounts. (§8524 and §8525)

#### Major Deletions

1. The provision that the total amount invested in common stock be limited to 50 percent of the total amount of the fund invested in mortgage loans on real estate in the Commonwealth insured by the Federal Housing Administration or the Veterans Administration is deleted.
2. The provision of assignment of rights as security for a loan made by certain credit unions is deleted.

PROPOSED PUBLIC SCHOOL  
EMPLOYEES' RETIREMENT CODE

AN ACT

1 Amending Title 24 (Education) of the Consolidated Pennsylvania  
2 Statutes, adding provisions relating to retirement for school  
3 employees and making repeals.

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5 TITLE 24

6 EDUCATION

7 PART IV. RETIREMENT FOR SCHOOL EMPLOYEES

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11 § 8103. Construction of part.

12 § 8104. Severability of provisions.

13 Chapter 83. Membership, Contributions and Benefits

14 Subchapter A. General Provisions

15 § 8301. Mandatory and optional membership.

16 § 8302. Credited school service.

17 § 8303. Eligibility points for retention and reinstatement of  
18 service credits.

- 1 § 8304. Creditable nonschool service.
- 2 § 8305. Classes of service.
- 3 § 8306. Eligibility points.
- 4 § 8307. Eligibility for annuities.
- 5 § 8308. Eligibility for vesting.
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- 8 Subchapter B. Contributions
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- 10 § 8322. Joint coverage member contributions.
- 11 § 8323. Member contributions for creditable school service.
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- 14 § 8325. Incomplete payments.
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- 19 appropriations.
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1 § 8349. Payment of benefits.

2 Chapter 85. Administration and Miscellaneous Provisions

3 Subchapter A. Administration

4 § 8501. Public School Employees' Retirement Board.

5 § 8502. Administrative duties of the board.

6 § 8503. Duties of the board to advise and report to the

7 employers and members.

8 § 8504. Duties of the board to report to the State Employees'

9 Retirement Board.

10 § 8505. Duties of the board regarding applications and

11 elections of members.

12 § 8506. Duties of employers.

13 § 8507. Rights and duties of school employees and members.

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15 Subchapter B. Retirement Fund and Accounts

16 § 8521. Management of fund and accounts.

17 § 8522. Public School Employees' Retirement Fund.

18 § 8523. Members' savings account.

19 § 8524. State accumulatich account.

20 § 8525. Annuity reserve account.

21 Subchapter C. Miscellaneous Provisions

22 § 8531. State guarantee.

23 § 8532. State supervision.

24 § 8533. Exemption from execution.

25 § 8534. Fraud and adjustment of errors.

26 The General Assembly of the Commonwealth of Pennsylvania

27 hereby enacts as follows:

28 Section 1. Title 24, act of November 25, 1970 (P.L.707,

29 No.230), known as The Consolidated Pennsylvania Statutes, is

30 amended by adding a title analysis and part to read:

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TITLE 24  
EDUCATION  
Part  
IV. Retirement for School Employees  
PART IV  
RETIREMENT FOR SCHOOL EMPLOYEES

Chapter

- 81. Preliminary Provisions
- 83. Membership, Contributions and Benefits
- 85. Administration and Miscellaneous Provisions

CHAPTER 81

PRELIMINARY PROVISIONS

Sec.

- 8101. Short title of part.
- 8102. Definitions.
- 8103. Construction of part.
- 8104. Severability of provisions.
- § 8101. Short title of part.

This part shall be known and may be cited as the "Public School Employees' Retirement Code."

§ 8102. Definitions.

The following words and phrases when used in this part shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

"Accumulated deductions." The total of the contributions paid into the fund by the member on account of current school service, previous school service, or creditable nonschool service and the statutory interest credited on all such contributions.

"Active member." A school employee who is contributing to



1 the fund or for whom authorized contributions are being made to  
2 the fund.

3 "Actuarially equivalent." Equal present values, computed on  
4 the basis of statutory interest and the mortality tables adopted  
5 by the board.

6 "Actuary." The consultant to the board who shall be:

7 (1) a member of the American Academy of Actuaries; or

8 (2) an individual who has demonstrated to the  
9 satisfaction of the Insurance Commissioner of Pennsylvania  
10 that he has the educational background necessary for the  
11 practice of actuarial science and has had at least seven  
12 years of actuarial experience; or

13 (3) a firm, partnership, or corporation of which at  
14 least one member meets the requirements of (1) or (2).

15 "Annuitant." Any member on or after the effective date of  
16 retirement until his annuity is terminated.

17 "Approved leave of absence." A leave of absence which has  
18 been approved by the employer for sabbatical leave, service as  
19 an exchange teacher, or professional study.

20 "Basic contribution rate." Five percent (5%) except for an  
21 active member of Class T-A or T-B, the appropriate rate based on  
22 sex and age at entry into the system.

23 "Beneficiary." The person or persons last designated in  
24 writing to the board by a member to receive his accumulated  
25 deductions or a lump sum benefit upon the death of such member.

26 "Board." The Public School Employees' Retirement Board or  
27 the Public School Employees' Retirement Board.

28 "Class of service multiplier."

29	Class of service	Multiplier
30	T-A	.714

1                   T-B                                   .625  
2                   T-C                                   1.000

3       "Compensation." Any remuneration received as a school  
4 employee excluding refunds for expenses incidental to employment  
5 and excluding any severance payments.

6       "Concurrent service." Simultaneously credited school and  
7 State service.

8       "Creditable nonschool service." Service other than service  
9 as a school employee for which an active member may obtain  
10 credit.

11       "Credited service." School or creditable nonschool service  
12 for which the required contributions have been made or for which  
13 salary deductions or lump sum payments have been agreed upon in  
14 writing.

15       "Date of termination of service." The last date of service  
16 for which a member makes contributions or, in the case of an  
17 inactive member, the effective date of his resignation or the  
18 date his employment is formally discontinued by his employer or  
19 two years following the last day of service for which he made  
20 contributions, whichever is earlier.

21       "Effective date of retirement." The first day following the  
22 date of termination of service of a member if he has properly  
23 filed an application for an annuity within ninety days of such  
24 date or:

25           (1) In the case of a member who applies for an annuity  
26 subsequent to ninety days after termination of service, the  
27 date of filing such application or the date specified on the  
28 application, whichever is later.

29           (2) In the case of a vestee who files an application for  
30 an annuity within ninety days of his superannuation age, the

1       attainment of such age.

2           (3) In the case of a finding of disability, the date  
3       certified by the board as the effective date of disability.

4       "Eligibility points." Points which are accrued by an active  
5       member or a multiple service member who is an active member of  
6       the State Employees' Retirement System for credited service and  
7       are used in the determination of eligibility for benefits as  
8       provided in section 8306 of this title (relating to eligibility  
9       points).

10       "Employer." Any governmental entity directly responsible for  
11       the employment and payment of the school employee and charged  
12       with the responsibility of providing public education within  
13       this Commonwealth, including but not limited to: State-owned  
14       colleges and universities, the Pennsylvania State University,  
15       community colleges, area vocational technical schools,  
16       intermediate units, the State Board of Education, Scotland  
17       School for Veterans' Children, Thaddeus Stevens Trade School,  
18       and the Pennsylvania State Oral School for the Deaf.

19       "Final average salary." The highest average compensation  
20       received as an active member during any three nonoverlapping  
21       periods of twelve consecutive months with the compensation for  
22       part-time service being annualized on the basis of the  
23       fractional portion of the year for which credit is received;  
24       except, if the employee was not a member for three such periods,  
25       the total compensation received as an active member annualized  
26       in the case of part-time service divided by the number of such  
27       periods of membership; and, in the case of a member with  
28       multiple service credit, the final average salary shall be  
29       determined by reference to compensation received by him as a  
30       school employee or a State employee or both.

1 "Full coverage member." Any member who has made or is making  
2 regular member contributions, or has paid or has agreed to pay  
3 to the fund the actuarial equivalent of regular member  
4 contributions over the entire period of his credited service.

5 "Fund." The Public School Employees' Retirement Fund.

6 "Governmental entity." Board of school directors, board of  
7 public education, intermediate unit board of directors, area  
8 vocational technical board, any governing board of any agency or  
9 authority created by them, and the Commonwealth.

10 "Inactive member." A member who is not making regular member  
11 contributions, who has accumulated deductions standing to his  
12 credit in the fund and who has contributed to the fund within  
13 the last two school years or a multiple service member who is  
14 active in the State Employees' Retirement System.

15 "Intervening military service." Active military service of a  
16 member who was a school employee immediately preceding his  
17 induction into the armed services or forces of the United States  
18 in order to meet a draft obligation excluding any voluntary  
19 extension of such obligational service and who becomes a school  
20 employee within ninety days of the expiration of such service.

21 "Joint coverage member." Any member who agreed prior to  
22 January 1, 1966 to make joint coverage member contributions to  
23 the fund and has not elected to become a full coverage member.

24 "Joint coverage member contributions." Regular member  
25 contributions reduced for a joint coverage member.

26 "Member." Active member, inactive member, annuitant, or  
27 vestee.

28 "Member's annuity." The single life annuity which is  
29 actuarially equivalent on the effective date of retirement to  
30 the accumulated deductions standing to the member's credit in

1 the members' savings account.

2 "Military service." All active military service for which a  
3 member has received a discharge other than an undesirable, bad  
4 conduct, or dishonorable discharge.

5 "Multiple service." Credited service of a member who has  
6 elected to combine his credited service in both the Public  
7 School Employees' Retirement System and the State Employees'  
8 Retirement System.

9 "Previous school service." Service rendered as a school  
10 employee including service in any summer school conducted by a  
11 school district of the Commonwealth prior to the member's most  
12 recent entrance in the system.

13 "Public school." Any or all classes or schools within this  
14 Commonwealth conducted under the order and superintendence of  
15 the Department of Education including, but not limited to: all  
16 educational classes of any employer charged with the  
17 responsibility of public education within this Commonwealth as  
18 well as those classes financed wholly or in part by the Federal  
19 Government, State-owned colleges and universities, the  
20 Pennsylvania State University, community colleges, area  
21 vocational technical schools, intermediate units, the State  
22 Board of Education, Scotland School for Veterans' Children,  
23 Thaddeus Stevens Trade School, and the Pennsylvania State Oral  
24 School for the Deaf.

25 "Regular member contributions." The product of the basic  
26 contribution rate and the compensation of the member.

27 "Salaried employee." A school employee who is compensated on  
28 the basis of an annual salary.

29 "Salary deductions." The amounts certified by the board,  
30 deducted from the compensation of an active member and paid into

1 the fund.

2 "School employee." Any person engaged in any work for which  
3 he is receiving regular remuneration as an officer,  
4 administrator or employee relating to a public school excluding,  
5 however, any independent contractor or a person compensated on a  
6 fee basis.

7 "School service." Service rendered as a school employee.

8 "School year." The twelve-month period which the  
9 governmental entity uses for purposes of administration  
10 regardless of the actual time during which a member renders  
11 service.

12 "Severance payments." Any payments for unused vacation or  
13 sick leave and any additional compensation contingent upon  
14 retirement including payments in excess of the scheduled or  
15 customary salaries provided for members within the same  
16 governmental entity with the same educational and experience  
17 qualifications who are not terminating service.

18 "Standard single life annuity." An annuity equal to two  
19 percent (2%) of the final average salary, multiplied by the  
20 total number of years and fractional part of a year of credited  
21 service of a member.

22 "State Employees' Retirement System." The retirement system  
23 established by the act of June 27, 1923 (P.L.858, No.331) and  
24 codified by the act of June 1, 1959 (P.L.392, No.78) and by Part  
25 XXV of Title 71 (relating to retirement for State employees and  
26 officers), added March 1, 1974 (P.L. , No.31).

27 "State service." Service rendered as a State employee and  
28 credited as service in the State Employees' Retirement System.

29 "Statutory interest." Interest at four percent (4%) per  
30 annum, compounded annually.

1 "Superannuation annuitant." An annuitant whose annuity  
2 became payable on or after the attainment of superannuation age.

3 "Superannuation or normal retirement age."

4	Class of service	Age
5	T-A	62 or any age upon accrual
6		of 35 eligibility points
7	T-B	62
8	T-C	62 or age 60 provided the
9		member has at least 30
10		eligibility points or
11		any age upon accrual of
12		35 eligibility points

13 "Survivor annuitant." The person or persons last designated  
14 by a member under a joint and survivor annuity option to receive  
15 an annuity upon the death of such member.

16 "System." The Public School Employees' Retirement System of  
17 Pennsylvania as established by the act of July 18, 1917  
18 (P.L.1043, No.343), and codified by the act of June 1, 1959  
19 (P.L.350, No.77).

20 "Valuation interest." Interest at five and one-half percent  
21 (5 1/2%) per annum, compounded annually and applied to all  
22 accounts other than the members' savings account.

23 "Vestee." A member with ten or more eligibility points who  
24 has terminated school service, has left his accumulated  
25 deductions in the fund, and is deferring filing of an  
26 application for receipt of an annuity.

27 § 8103. Construction of part.

28 The provisions of this part in so far as they are the same as  
29 those of existing law are intended as a continuation of such  
30 laws and not as new enactments. The provisions of this part

1 shall not affect any act done, liability incurred, right accrued  
2 or vested, or any suit or prosecution pending or to be  
3 instituted to enforce any right or penalty or to punish any  
4 offense under the authority of any repealed laws.

5 § 8104. Severability of provisions.

6 The provisions of this part are severable and if any of its  
7 provisions shall be held to be unconstitutional, the decision of  
8 the court shall not affect or impair any of the remaining  
9 provisions. It is hereby declared to be the legislative intent  
10 that this part would have been adopted had such unconstitutional  
11 provisions not been included.

12 CHAPTER 83

13 MEMBERSHIP, CONTRIBUTIONS AND BENEFITS

14 Subchapter

15 A. General Provisions

16 B. Contributions

17 C. Benefits

18 SUBCHAPTER A

19 GENERAL PROVISIONS

20 Sec.

21 8301. Mandatory and optional membership.

22 8302. Credited school service.

23 8303. Eligibility points for retention and reinstatement of  
24 service credits.

25 8304. Creditable nonschool service.

26 8305. Classes of service.

27 8306. Eligibility points.

28 8307. Eligibility for annuities.

29 8308. Eligibility for vesting.

30 8309. Eligibility for death benefits.



1 8310. Eligibility for refunds.

2 § 8301. Mandatory and optional membership.

3 (a) Mandatory membership.--Membership in the system shall be  
4 mandatory as of the effective date of employment for all school  
5 employees except the following:

6 (1) Any officer or employee of the Department of  
7 Education, State-owned educational institutions, community  
8 colleges, area vocational technical schools, technical  
9 institutes, or the Pennsylvania State University and who is a  
10 member of the State Employees' Retirement System or a member  
11 of another retirement program approved by the employer.

12 (2) Any school employee who is not a member of the  
13 system and who is employed on a per diem or hourly basis for  
14 less than eighty full-day sessions or five hundred hours in a  
15 twelve-month period.

16 (3) Any officer or employee of a governmental entity who  
17 subsequent to December 22, 1965 and prior to July 1, 1974  
18 administers, supervises, or teaches classes financed wholly  
19 or in part by the Federal Government so long as he continues  
20 in such service.

21 (b) Prohibited membership.--The school employees categorized  
22 in subsection (a) (1) and (2) of this section shall not have the  
23 right to elect membership in the system.

24 (c) Optional membership.--The school employees categorized  
25 in subsection (a) (3) of this section shall have the right to  
26 elect membership in the system. Once such election is exercised,  
27 membership shall commence from the original date of eligibility  
28 and shall continue until the termination of such service.

29 § 8302. Credited school service.

30 (a) Computation of credited service.--In computing credited

1 school service of a member for the determination of benefits, a  
2 full-time salaried school employee shall receive one year of  
3 credit for each school year or the corresponding fraction  
4 thereof, provided that regular member contributions have been  
5 made as required for the full period. A per diem or hourly  
6 school employee shall receive one year of credited service for  
7 each nonoverlapping period of twelve consecutive months in which  
8 he is employed and for which he contributes for at least one  
9 hundred eighty full-day sessions or one thousand one hundred  
10 hours of employment. If such member was employed and contributed  
11 for less than one hundred eighty full-day sessions or one  
12 thousand one hundred hours, he shall be credited with a  
13 fractional portion of a year determined by the ratio of the  
14 number of full-day sessions or hours of service actually  
15 rendered to one hundred eighty full-day sessions or one thousand  
16 one hundred hours, as the case may be. A part-time salaried  
17 employee shall be credited with the fractional portion of the  
18 year which corresponds to the service actually rendered in  
19 relation to the service required as a comparable full-time  
20 salaried employee. In no case shall a member receive more than  
21 one year of credited service for any twelve consecutive months  
22 or a member who has elected multiple service receive an  
23 aggregate in the two systems of more than one year of credited  
24 service for any twelve consecutive months.

25 (b) Approved leaves of absence.--An active member shall  
26 receive credit for an approved leave of absence provided that:

27 (1) the member returns for a period at least equal to the  
28 length of the leave or one year, whichever is less, to the  
29 school district which granted his leave, unless such  
30 condition is waived by the employer; and

1           (2) the proper contributions are made by the member and  
2 the employer.

3           (c) Cancellation of credited service.--All credited service  
4 shall be cancelled if a member withdraws his accumulated  
5 deductions.

6 § 8303. Eligibility points for retention and reinstatement of  
7 service credits.

8           (a) Accrued credited service.--Eligibility points shall be  
9 computed in accordance with section 8306 of this title (relating  
10 to eligibility points) with respect to all credited service  
11 accrued as of the effective date of this part.

12           (b) Future school service.--Every active member of the  
13 system shall accrue an eligibility point for each year of school  
14 service rendered subsequent to the effective date of this part.

15           (c) Previous service.--Every active member of the system or  
16 a multiple service member who is an active member of the State  
17 Employees' Retirement System on or after the effective date of  
18 this part may purchase credit and receive eligibility points as  
19 a member of Class T-C for previous school service or creditable  
20 nonschool service upon written agreement by the member and the  
21 board as to the manner of payment of the amount due for credit  
22 for such service; except, that any purchase for reinstatement of  
23 service credit shall be for all service previously credited.

24 § 8304. Creditable nonschool service.

25           (a) Eligibility.--An active member or a multiple service  
26 member who is an active member of the State Employees'  
27 Retirement System shall be eligible to receive Class T-C service  
28 credit for creditable nonschool service as set forth in  
29 subsection (b) of this section provided that he is not entitled  
30 to receive, eligible to receive now or in the future, or is

1 receiving retirement benefits for such service under a  
2 retirement system administered by any other governmental agency  
3 or a retirement program approved by the employer in accordance  
4 with section 8301(a) (1) of this title (relating to mandatory and  
5 optional membership), and that such service is certified by the  
6 previous employer and the manner of payment of the amount due is  
7 agreed upon by the member, the employer, and the board.

8 (b) Limitations on nonschool service.--Creditable nonschool  
9 service credit shall be limited to:

10 (1) Intervening military service.

11 (2) Other military service not exceeding five years,  
12 provided that the member has three years of credited school  
13 service subsequent to such military service.

14 (3) Service in any public school or public educational  
15 institution in any state other than this Commonwealth or in  
16 any territory or area under the jurisdiction of the United  
17 States.

18 (4) Service as an administrator, teacher, or instructor  
19 in the field of public school education for any agency or  
20 department of the government of the United States whether or  
21 not such area was under the jurisdiction of the United  
22 States.

23 (5) Previous service as an employee of a county board of  
24 school directors which employment was terminated because of  
25 the transfer of the administration of such service or of the  
26 entire agency to a governmental entity.

27 (c) Limitations on years of credit.--Service listed in  
28 subsection (b) (3) and (4) of this section must have been for a  
29 period of at least one school year and credit for such service  
30 shall be limited to the lesser of:

- 1 (1) twelve years; or
- 2 (2) the number of years of school service credited in
- 3 the system.

4 § 8305. Classes of service.

5 (a) Class T-C membership.--A school employee who is a member  
6 of Class T-C on the effective date of this part or who becomes a  
7 member of the system subsequent to the effective date of this  
8 part shall be classified as a Class T-C member.

9 (b) Other class membership.--A school employee who is a  
10 member of a class of service other than Class T-C on the  
11 effective date of this part may elect to become a member of  
12 Class T-C or may retain his membership in such other class until  
13 the service is discontinued or he elects to become a full  
14 coverage member or elects to purchase credit for previous school  
15 or creditable nonschool service.

16 § 8306. Eligibility points.

17 An active member of the system shall accrue one eligibility  
18 point for each year of credited service as a member of the  
19 school or State retirement system. A member shall accrue an  
20 additional two-thirds of an eligibility point for each year of  
21 Class D-3 credited service under the State Employees' Retirement  
22 System. In the case of a fractional part of a year of credited  
23 service, a member shall accrue the corresponding fractional  
24 portion of an eligibility point.

25 § 8307. Eligibility for annuities.

26 (a) Superannuation annuity.--An active or an inactive member  
27 who attains superannuation age shall be entitled to receive a  
28 superannuation annuity upon termination of service and filing of  
29 a proper application.

30 (b) Early annuity.--A vestee or an active or inactive member

1 who terminates school service having ten or more eligibility  
2 points shall, upon filing a proper application, be entitled to  
3 receive an early annuity.

4 (c) Disability annuity.--An active or inactive member who  
5 has credit for at least five years of service shall, upon filing  
6 of a proper application, be entitled to a disability annuity if,  
7 prior to attainment of superannuation age, he becomes mentally  
8 or physically incapable of continuing to perform the duties for  
9 which he is employed and qualifies for an annuity in accordance  
10 with the provisions of section 8505(c) (1) of this title  
11 (relating to duties of board regarding applications and  
12 elections of members).

13 § 8308. Eligibility for vesting.

14 Any member who terminates school service with ten or more  
15 eligibility points shall be entitled to vest his retirement  
16 benefits until attainment of superannuation age.

17 § 8309. Eligibility for death benefits.

18 In the event of the death of a member who is eligible for an  
19 annuity in accordance with section 8307(a) or (b) of this title  
20 (relating to eligibility for annuities) his beneficiary shall be  
21 entitled to a death benefit as provided in section 8347 of this  
22 title (relating to death benefits). In the event of the death of  
23 a member not eligible for an annuity his beneficiary shall  
24 receive the accumulated deductions standing to the member's  
25 credit in the fund.

26 § 8310. Eligibility for refunds.

27 Upon termination of service any active member, regardless of  
28 eligibility for benefits, may elect to receive his accumulated  
29 deductions in lieu of any benefit to which he is entitled.

30

SUBCHAPTER B

CONTRIBUTIONS

1

2 Sec.

3 8321. Regular member contributions for current service.

4 8322. Joint coverage member contributions.

5 8323. Member contributions for creditable school service.

6 8324. Contributions for the purchase of credit for creditable  
7 nonschool service.

8 8325. Incomplete payments.

9 8326. Contributions by the Commonwealth.

10 8327. Payments by employers.

11 8328. Actuarial cost method.

12 8329. Payments on account of social security deductions from  
13 appropriations.

14 8330. Appropriations by the Commonwealth.

15 § 8321. Regular member contributions for current service.

16 Every active member shall make regular member contributions  
17 to the fund for current service by salary deductions.

18 § 8322. Joint coverage member contributions.

19 The regular member contributions for current service of a  
20 joint coverage member shall be reduced by forty percent (40%) of  
21 the tax on taxable wages prescribed by the Federal Insurance  
22 Contributions Act, 26 U.S.C. §§3101-3125, exclusive of that  
23 portion of such tax attributable to coverage for disability and  
24 medical benefits.

25 § 8323. Member contributions for creditable school service.

26 (a) Previous school service, sabbatical leave and full  
27 coverage.--The contributions to be paid by an active member or  
28 an eligible State employee for credit for reinstatement of all  
29 previously credited school service, school service not  
30 previously credited, sabbatical leave as if he had been in

1 full-time daily attendance, or full-coverage membership shall be  
2 sufficient to provide an amount equal to the accumulated  
3 deductions which would have been standing to the credit of the  
4 member for such service had he made regular member contributions  
5 at the rate of contribution necessary to be credited as Class  
6 T-C service and had such contributions been credited with  
7 statutory interest during all periods of subsequent school and  
8 State service up to the date of purchase.

9 (b) Class T-C membership.--The contributions to be paid by a  
10 member who elects to transfer to Class T-C shall be equal to the  
11 amount of additional contributions, if any, which he would have  
12 made had he become a member of Class T-C on July 1, 1967 and had  
13 such contributions been credited with statutory interest during  
14 all periods of subsequent school and State service up to the  
15 date of purchase.

16 (c) Approved leave of absence other than sabbatical  
17 leave.--The contributions to be paid by an active member for  
18 credit for an approved leave of absence other than sabbatical  
19 leave, shall be sufficient to transfer his membership to Class  
20 T-C and further to provide an annuity as a Class T-C member for  
21 such additional credited service. Such amount shall be the sum  
22 of the amount required in accordance with the provisions of  
23 subsection (b) of this section and an amount determined as the  
24 sum of the member's basic contribution rate and the normal  
25 contribution rate as provided in section 8328 of this title  
26 (relating to actuarial cost method) during such period  
27 multiplied by the compensation which was received or which would  
28 have been received during such period and with statutory  
29 interest during all periods of subsequent school and State  
30 service up to the date of purchase.



1 (d) Certification and payment of contributions.--In all  
2 cases other than for the purchase of credit for sabbatical  
3 leave, the amount payable shall be certified by the board in  
4 accordance with methods approved by the actuary and may be paid  
5 in a lump sum within thirty days or, in the case of an active  
6 member, may be amortized with statutory interest through salary  
7 deductions or by personal checks in amounts agreed upon by the  
8 member and the board. All payments by personal checks shall be  
9 completed within three years of the date of certification.

10 § 8324. Contributions for the purchase of credit for creditable  
11 nonschool service.

12 (a) Source of contributions.--The total contributions to  
13 purchase credit as a member of Class T-C for creditable  
14 nonschool service of an active member or an eligible State  
15 employee shall be paid either by the member, the member's  
16 previous employer, the Commonwealth, or a combination thereof,  
17 as provided by law.

18 (b) Military service.--The amount due for the purchase of  
19 credit for military service other than intervening military  
20 service shall be determined by applying the member's basic  
21 contribution rate plus the normal contribution rate as provided  
22 in section 8328 of this title (relating to actuarial cost  
23 method) at the time of entry of the member into school service  
24 subsequent to such military service to one-third of his total  
25 compensation received during the first three years of such  
26 subsequent credited school service and multiplying the product  
27 by the number of years and fractional part of a year of  
28 creditable nonintervening military service being purchased  
29 together with statutory interest during all periods of  
30 subsequent school and State service to date of purchase. Upon

1 certification of the amount due, payment may be made in a lump  
2 sum within thirty days or in the case of an active member it may  
3 be amortized with statutory interest through salary deductions  
4 or by personal checks in amounts agreed upon by the member and  
5 the board. All payments by personal checks shall be completed  
6 within three years of the date of certification. Application may  
7 be filed for all such military service credit upon completion of  
8 three years of subsequent credited school service and shall be  
9 credited as Class T-C service.

10 (c) Intervening military service.--Contributions on account  
11 of credit for intervening military service shall be determined  
12 by the member's basic contribution rate and compensation at the  
13 time of entry of the member into active military service,  
14 together with statutory interest during all periods of  
15 subsequent school and State service to date of purchase. Upon  
16 application for such credit the amount due shall be certified in  
17 the case of each member by the board, in accordance with methods  
18 approved by the actuary, and contributions may be made by one of  
19 the following methods:

20 (1) Regular monthly payments during active military  
21 service.

22 (2) A lump sum payment within thirty days of  
23 certification.

24 (3) Salary deductions or personal checks in amounts  
25 agreed upon by the member and the board. All payments by  
26 personal checks shall be completed within three years of the  
27 date of certification.

28 (d) Other creditable nonschool service.--Contributions on  
29 account of Class T-C credit for creditable nonschool service  
30 other than military service shall be determined by applying the

1 member's basic contribution rate plus the normal contribution  
2 rate as provided in section 8328 of this title at the time of  
3 the member's entry into school service subsequent to such  
4 creditable nonschool service to his total compensation received  
5 during the first year of subsequent credited school service and  
6 multiplying the product by the number of years and fractional  
7 part of a year of creditable nonschool service being purchased  
8 together with statutory interest during all periods of  
9 subsequent school or State service to the date of purchase,  
10 except that in the case of purchase of credit for creditable  
11 nonschool service rendered in Pennsylvania the member shall pay  
12 only the employee's share unless otherwise provided by law. Upon  
13 certification of the amount due, payment may be made in a lump  
14 sum within thirty days or in the case of an active member it may  
15 be amortized with statutory interest through salary deductions  
16 or by personal checks in amounts agreed upon by the member and  
17 the board. All payments by personal checks shall be completed  
18 within three years of the date of certification.

19 § 8325. Incomplete payments.

20 In the event that a member terminates school service before  
21 any agreed upon payments have been completed or before any other  
22 amount due the fund has been paid, the member shall have the  
23 right to pay within thirty days of termination of school service  
24 the balance due, including interest, in a lump sum and the  
25 annuity shall be calculated including full credit for the  
26 previous school service, creditable nonschool service, or  
27 full-coverage membership. A disability annuitant who does not  
28 return to school service shall have the right to pay such amount  
29 within thirty days of termination of his disability payments. In  
30 the event a member does not pay the balance due within thirty

1 days of termination of school service or termination of  
2 disability payments or in the event a member dies in school  
3 service or within thirty days of termination of school service  
4 or termination of disability payments and before the agreed upon  
5 payments have been completed, the present value of the benefit  
6 otherwise payable shall be reduced by the balance due, including  
7 interest, and the benefit payable shall be calculated as the  
8 actuarial equivalent of such reduced present value.

9 § 8326. Contributions by the Commonwealth.

10 (a) Contributions on behalf of active members.--The  
11 Commonwealth shall make contributions into the fund on behalf of  
12 all active members in an amount equal to one-half the amount  
13 certified by the board as necessary to provide, together with  
14 the members' contributions, annuity reserves on account of  
15 prospective annuities as provided in this part in accordance  
16 with section 8328 (a), (b) and (c) of this title (relating to  
17 actuarial cost method). In case a school employee has elected  
18 membership in a retirement program approved by the employer, the  
19 Commonwealth shall contribute to such program on account of his  
20 membership an amount no greater than the amount it would have  
21 contributed had the employee been a member of the Public School  
22 Employees' Retirement System.

23 (b) Contributions on behalf of annuitants.--The Commonwealth  
24 shall make contributions on behalf of all annuitants in an  
25 amount equal to one-half of the amount certified by the board as  
26 necessary to fund the additional liabilities for minimum and  
27 supplemental annuities in accordance with section 8328(d) of  
28 this title.

29 § 8327. Payments by employers.

30 (a) General rule.--Each employer, including the Commonwealth

1 as employer of employees of the Department of Education,  
2 State-owned colleges and universities, Thaddeus Stevens Trade  
3 School, Pennsylvania State Oral School for the Deaf, Scotland  
4 School for Veterans' Children, and the Pennsylvania State  
5 University, shall make payments to the fund each month in an  
6 amount equal to one-half the sum of the percentages, as  
7 determined under section 8328 of this title (relating to  
8 actuarial cost method), applied to the total compensation during  
9 the pay periods in the preceding month of all its employees who  
10 were members of the system during such period.

11 (b) Deduction from appropriations.--To facilitate the  
12 payment of amounts due from any employer to the fund through the  
13 State Treasurer and to permit the exchange of credits between  
14 the State Treasurer and any employer, the Secretary of Education  
15 and the State Treasurer shall cause to be deducted and paid into  
16 the fund from the amount of any moneys due to any employer on  
17 account of any appropriation for schools or other purposes such  
18 amount due to the fund as certified by the board and as remains  
19 unpaid on the date such appropriations would otherwise be paid  
20 to the employer, and such amount shall be credited to the  
21 employer's account in the fund.

22 § 8328. Actuarial cost method.

23 (a) Employer contribution rate on behalf of active  
24 members.--The amount of the total employer contributions on  
25 behalf of all active members shall be computed by the actuary as  
26 a percentage of the total compensation of all active members  
27 during the period for which the amount is determined and shall  
28 be so certified by the board. The total contribution rate on  
29 behalf of all active members shall consist of the normal  
30 contribution rate and the accrued liability contribution rate.

1 (b) Normal contribution rate.--The normal contribution rate  
2 shall be determined after each actuarial valuation. Until all  
3 accrued liability contributions have been completed, the normal  
4 contribution rate shall be determined, on the basis of an annual  
5 five and one-half percent (5 1/2%) interest rate and such  
6 mortality and other tables as shall be adopted by the board, as  
7 a level percentage of the compensation of the average new active  
8 member, which percentage, if contributed on the basis of his  
9 prospective compensation through the entire period of active  
10 school service, would be sufficient to fund the liability for  
11 any prospective benefit payable to him, in excess of that  
12 portion funded by his prospective member contributions. After  
13 all accrued liability contributions have been completed, the  
14 normal contribution rate shall be determined by deducting from  
15 the present value of the liabilities for all prospective  
16 benefits of active members, the sum of the total assets in the  
17 fund on the valuation date, excluding the balance in the annuity  
18 reserve account, and the present value of prospective member  
19 contributions, and dividing the remainder by the present value  
20 of the future compensation of all active members.

21 (c) Accrued liability contribution rate.--For the fiscal  
22 year beginning July 1, 1967, the accrued liability contribution  
23 rate shall be computed as the rate of total compensation of all  
24 active members which shall be certified by the actuary as  
25 sufficient to fund over a period of thirty years from such date  
26 the present value of the liabilities for all prospective  
27 benefits of active members in excess of the total assets in the  
28 fund, excluding the balance in the annuity reserve account, and  
29 of the present value of normal contributions and of member  
30 contributions payable with respect to all active members on such

1 date during the remainder of their active service. Thereafter,  
2 the amount of each annual accrued liability contribution shall  
3 be at least four percent (4%) greater than the amount of such  
4 contribution for the previous fiscal year, except that, if the  
5 accrued liability is increased by legislation enacted subsequent  
6 to July 1, 1967, such additional liability shall be funded over  
7 a period of thirty years from the first day of July, coincident  
8 with or next following the effective date of the increase on the  
9 basis that each succeeding annual additional accrued liability  
10 contribution shall be at least four percent (4%) greater than  
11 the amount of such additional contribution for the previous  
12 fiscal year. The accrued liability contributions under this  
13 section shall be discontinued as soon as the total assets in the  
14 fund, excluding the balance in the annuity reserve account,  
15 equals the present value of the liability for all prospective  
16 benefits of active members, less the present value of the  
17 prospective normal contributions and of member contributions  
18 payable with respect to all active members on such date during  
19 the remainder of their active service.

20 (d) Supplemental annuity contribution rate.--Contributions  
21 from the Commonwealth and other employers required to provide  
22 for the payment of supplemental annuities to annuitants as  
23 provided in section 8348 of this title (relating to supplemental  
24 annuities) shall be determined as a percentage of the total  
25 compensation of all active members during the period for which  
26 the amount is certified as sufficient to fund the liabilities of  
27 the supplemental retirement allowance account as a level  
28 percentage over a period of thirty years from July 1, 1967. In  
29 the event that annuities are increased by legislation enacted  
30 subsequent to July 1, 1974, the additional liability for the

1 increase in benefits to annuitants shall be funded similarly as  
2 a level percentage over a period of fifteen years from the first  
3 day of July coincident with or next following the effective date  
4 of such legislation.

5 § 8329. Payments on account of social security deductions from  
6 appropriations.

7 (a) Payments by Commonwealth.--Where the Secretary of  
8 Education enters into an agreement with the Commonwealth to  
9 place under the Federal Social Security Act members who have  
10 elected coverage, the Commonwealth shall pay into the  
11 contribution fund created under the provisions of the act of  
12 January 5, 1952 (P.L.1833, No.491), such amounts and at such  
13 times as are required to be paid by the employers and the  
14 covered employees on account of such coverage.

15 (b) Reimbursement by employers.--The Commonwealth shall be  
16 reimbursed by the employers to the extent of the total amounts  
17 contributable by covered employees and by one-half of the  
18 contributions payable under the employer's tax established by  
19 the Federal Social Security Act on all covered wages which are  
20 not Federally funded. For the purpose of this part, the tax  
21 contributions payable shall be the first obligation against any  
22 State funds received by the employer for their use or authorized  
23 under the act of March 10, 1949 (P.L.30, No.14), known as the  
24 Public School Code of 1949, and shall first be paid therefrom.

25 (c) Deduction from appropriations.--The Secretary of  
26 Education and the State Treasurer are hereby authorized to cause  
27 to be deducted and paid into or retained in the State Treasury  
28 from any moneys due to any employer on account of appropriations  
29 for schools or other purposes the amounts payable under the  
30 provisions of this section.



1 § 8330. Appropriations by the Commonwealth.

2 (a) Annual submission of budget.--The board shall prepare  
3 and through the Governor submit annually to the General Assembly  
4 an itemized budget consisting of the amounts necessary to be  
5 appropriated by the Commonwealth out of the General Fund  
6 required to meet the obligations accruing during the fiscal  
7 period beginning the first day of July of the following year.

8 (b) Appropriation and payment.--The General Assembly shall  
9 make an appropriation sufficient to provide for the obligations  
10 of the Commonwealth. Such amount shall be paid by the State  
11 Treasurer through the Department of Revenue into the fund within  
12 thirty days of receipt of the requisition presented each quarter  
13 by the board.

14 SUBCHAPTER C

15 BENEFITS

16 Sec.

17 8341. Return of accumulated deductions.

18 8342. Maximum single life annuity.

19 8343. Reduction of annuities on account of social security  
20 old-age insurance benefits.

21 8344. Disability annuities.

22 8345. Member's options.

23 8346. Termination of annuities.

24 8347. Death benefits.

25 8348. Supplemental annuities.

26 8349. Payment of benefits.

27 § 8341. Return of accumulated deductions.

28 Any member upon termination of service may, in lieu of all  
29 benefits payable under this chapter to which he may be entitled,  
30 elect to receive his accumulated deductions.

1 § 8342. Maximum single life annuity.

2 (a) General rule.--Upon termination of service, any full  
3 coverage member who is eligible to receive an annuity pursuant  
4 to the provisions of section 8307 (a) or (b) of this title  
5 (relating to eligibility for annuities) and has made an  
6 application in accordance with the provisions of section 8507 (f)  
7 of this title (relating to rights and duties of school employees  
8 and members) shall be entitled to receive a maximum single life  
9 annuity equal to the sum of the following single life annuities  
10 beginning at the effective date of retirement and, in case the  
11 member on the effective date of retirement is under  
12 superannuation age, multiplied by a reduction factor calculated  
13 to provide benefits actuarially equivalent to an annuity  
14 starting at superannuation age:

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

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

25 (3) A supplemental annuity such that the total annuity  
26 including any cost-of-living increases and prior to any  
27 optional modification or any actuarial reduction due to  
28 retirement prior to superannuation age shall be at least one  
29 hundred dollars (\$100) for each full year of credited  
30 service.

1 (b) Present value of annuity.--The present value of the  
2 maximum single life annuity as calculated in accordance with  
3 subsection (a) of this section shall be determined by  
4 multiplying the maximum single life annuity by the cost of a  
5 dollar annuity on the effective date of retirement. Such present  
6 value shall be decreased only as required under the provisions  
7 of sections 8325 (relating to incomplete payments), 8343  
8 (relating to reduction of annuities on account of social  
9 security old-age insurance benefits) and 8346 (relating to  
10 termination of annuities) of this title.

11 § 8343. Reduction of annuities on account of social security  
12 old-age insurance benefits.

13 (a) General rule.--A joint coverage member who is eligible  
14 to receive an annuity under section 8307(a) or (b) of this title  
15 (relating to eligibility for annuities) shall be entitled to  
16 receive the annuity provided for in section 8342 of this title  
17 (relating to maximum single life annuity) which shall be reduced  
18 at the time at which the member would be entitled to receive  
19 full social security old-age insurance benefits whether or not  
20 he has applied for such benefits. The reduction shall be an  
21 amount equal to forty percent (40%) of the primary insurance  
22 amount paid or payable to him and subject to the following  
23 provisions:

24 (1) The eligibility of such member for the old-age  
25 insurance benefit and the amount of such benefit upon which  
26 the reduction in his annuity shall be based shall be  
27 determined by the board in accordance with the provisions of  
28 the Federal Social Security Act, 42 U.S.C. § 301 et seq., in  
29 effect on the effective date of retirement, except that in  
30 determining such eligibility and such amount only wages or

1 compensation for services covered by the system shall be  
2 included.

3 (2) The reduction shall not be more than one-half of the  
4 standard single life annuity multiplied by the ratio of the  
5 sum of the three years of highest taxable wages to an amount  
6 equal to three times the final average salary and by the  
7 ratio of the years of credited service after December 31,  
8 1955 to total years of credited service.

9 (3) Whenever the amount of the reduction from the  
10 annuity shall have been once determined, it shall remain  
11 fixed for the duration of the annuity except that any  
12 decrease in the old-age insurance benefit under the Federal  
13 Social Security Act, 42 U.S.C. § 301 et seq., shall result in  
14 a corresponding decrease in the amount of the reduction from  
15 the annuity.

16 (b) Exception.--The reduction provided for in subsection (a)  
17 of this section shall not apply to disability annuities.

18 § 8344. Disability annuities.

19 (a) Amount of annuity.--A member who has made application  
20 for a disability annuity as provided in section 8507(k) of this  
21 title (relating to rights and duties of school employees and  
22 members) and has been found to be eligible in accordance with  
23 the provisions of sections 8307(c) (relating to eligibility for  
24 annuities) and 8505(c) (1) (relating to duties of the board  
25 regarding applications and elections of members) of this title  
26 shall receive a disability annuity payable from the effective  
27 date of disability and continued until a subsequent  
28 determination by the board that the annuitant is no longer  
29 entitled to a disability annuity. The disability annuity shall  
30 be equal to a standard single life annuity if the total number

1 of years of credited service is greater than 16.667, otherwise  
2 the standard single life annuity shall be multiplied by the  
3 lesser of the following ratios:

4 
$$Y^*/Y \text{ or } 16.667/Y$$

5 where Y = number of years of credited service and Y\* = total  
6 years of credited service if the member were to continue as a  
7 school employee until attaining superannuation age. In no event  
8 shall the disability annuity plus any cost-of-living increases  
9 be less than one hundred dollars (\$100) for each full year of  
10 credited service. The member shall not be entitled to the  
11 election of an optional modification of the above determined  
12 disability annuity.

13 (b) Reduction on account of earned income.--Payments on  
14 account of disability shall be reduced by that amount by which  
15 the earned income of the annuitant, as reported in accordance  
16 with section 8508(b) of this title (relating to rights and  
17 duties of annuitants) for the preceding year together with the  
18 disability annuity payments for the year, exceeds the greater of  
19 five thousand dollars (\$5,000) or the last year's salary of the  
20 annuitant as a school employee, provided that the annuitant  
21 shall not receive less than his member's annuity or the amount  
22 to which he may be entitled under section 8342 of this title  
23 (relating to maximum single life annuity), whichever is greater.

24 (c) Termination and modification of payments.--Payment of  
25 that portion of the disability annuity in excess of the annuity  
26 to which the annuitant was entitled on the effective date of  
27 disability calculated in accordance with section 8342 of this  
28 title shall cease if the annuitant is no longer eligible under  
29 the provisions of section 8505(c) (2) or section 8508(b) or (c)  
30 of this title and if such annuitant on the date of termination

1 of service was eligible for an annuity, he may file an  
2 application with the board for an election of an optional  
3 modification of the annuity to which he was entitled in  
4 accordance with section 8342 of this title.

5 (d) Withdrawal of accumulated deductions.--Upon termination  
6 of disability annuity payments in excess of an annuity  
7 calculated in accordance with section 8342 of this title, a  
8 disability annuitant who does not return to school service may  
9 file an application with the board for an amount equal to the  
10 accumulated deductions standing to his credit at the effective  
11 date of disability less the total payments received on account  
12 of his member's annuity.

13 § 8345. Member's options.

14 (a) General rule.--Any vestee or any other eligible member  
15 upon termination of school service who has not withdrawn his  
16 accumulated deductions as provided in section 8341 of this title  
17 (relating to return of accumulated deductions) may apply for and  
18 elect to receive either a maximum single life annuity, as  
19 calculated in accordance with the provisions of section 8342 of  
20 this title (relating to maximum single life annuity), or a  
21 reduced annuity certified by the actuary to be actuarially  
22 equivalent to the maximum single life annuity and in accordance  
23 with one of the following options, except that no member shall  
24 elect an annuity payable to one or more survivor annuitants  
25 other than his spouse of such a magnitude that the present value  
26 of the annuity payable to him for life plus any lump sum payment  
27 he may have elected to receive is less than fifty percent (50%)  
28 of the present value of his maximum single life annuity.

29 (1) Option 1. A life annuity to the member with a  
30 guaranteed total payment equal to the present value of the

1 maximum single life annuity on the effective date of retirement  
2 with the provision that, if, at his death, he has received less  
3 than such present value, the unpaid balance shall be payable to  
4 his beneficiary.

5 (2) Option 2. A joint and survivor annuity payable  
6 during the lifetime of the member with the full amount of  
7 such annuity payable thereafter to his survivor annuitant, if  
8 living at his death.

9 (3) Option 3. A joint and fifty percent (50%) survivor  
10 annuity payable during the lifetime of the member with  
11 one-half of such annuity payable thereafter to his survivor  
12 annuitant, if living at his death.

13 (4) Option 4. Some other benefit which shall be  
14 certified by the actuary to be actuarially equivalent to the  
15 maximum single life annuity, subject to the following  
16 restrictions:

17 (i) Any annuity shall be payable without reduction  
18 during the lifetime of the member except as the result of  
19 the member's election to receive an annuity reduced upon  
20 attainment of age sixty-five, in anticipation of the  
21 receipt of a social security benefit.

22 (ii) The sum of all annuities payable to the  
23 designated survivor annuitants shall not be greater than  
24 one and one-half times the annuity payable to the member.

25 (iii) A portion of the benefit may be payable as a  
26 lump sum, except that such lump sum payment shall be  
27 limited to one such payment and it shall not exceed an  
28 amount equal to the accumulated deductions standing to  
29 the credit of the member. The balance of the present  
30 value of the maximum single life annuity adjusted in

1 accordance with section 8342(b) of this title shall be  
2 paid in the form of an annuity with a guaranteed total  
3 payment, a single life annuity, or a joint and survivor  
4 annuity or any combination thereof but subject to the  
5 restrictions of subparagraphs (i) and (ii) of this  
6 paragraph.

7 (b) Present value of joint coverage annuity.--The present  
8 value of an annuity payable to a member of the joint coverage  
9 group shall be determined by taking into account prospectively  
10 the reduction applicable upon the attainment of the age at which  
11 full social security benefits are payable.

12 § 8346. Termination of annuities.

13 (a) General rule.--If an annuitant returns to school service  
14 or enters State service and elects multiple service membership,  
15 any annuity payable to him under this part shall cease and in  
16 the case of an annuity other than a disability annuity the  
17 present value of such annuity shall be frozen as of the date of  
18 such employment.

19 (b) Exception.--When, in the judgment of the employer, an  
20 emergency creates an increase in the work load such that there  
21 is serious impairment of service to the public, an annuitant may  
22 be returned to school service for a period not to exceed sixty  
23 days in any school year without loss of his annuity.

24 (c) Subsequent discontinuance of service.--Upon subsequent  
25 discontinuance of service, such member other than a former  
26 disability annuitant shall be entitled to an annuity which is  
27 actuarially equivalent to the sum of the present value as  
28 determined under subsection (a) of this section and the present  
29 value of a maximum single life annuity based on years of  
30 credited school service subsequent to reentry in the system and



1 his final average salary computed by reference to his  
2 compensation during his entire period of school and State  
3 service.

4 § 8347. Death benefits.

5 (a) Members eligible for annuities.--Any member, other than  
6 an annuitant, who dies and was eligible for an annuity in  
7 accordance with section 8307(a) or (b) of this title (relating  
8 to eligibility for annuities) shall be considered as having  
9 applied for an annuity to become effective the day before his  
10 death; and, in the event he has not elected an option, it shall  
11 be assumed that he elected Option 1 and assigned as beneficiary  
12 that person last designated in writing to the board.

13 (b) Members ineligible for annuities.--In the event of the  
14 death of any member, other than an annuitant, who is not  
15 entitled to a death benefit as provided in subsection (a) of  
16 this section, his designated beneficiary shall be paid the full  
17 amount of his accumulated deductions.

18 (c) Disability annuitants.--In the event of the death of a  
19 disability annuitant before he has received in annuity payments  
20 an amount equal to the present value, on the effective date of  
21 disability, of the benefits to which he would have been entitled  
22 under subsection (a) of this section had he died while in school  
23 service, the balance of such amount shall be paid to his  
24 designated beneficiary, except that in the event of the death of  
25 a disability annuitant who was not entitled to receive benefits  
26 under subsection (a) of this section, his beneficiary shall be  
27 paid the accumulated deductions standing to his credit on the  
28 effective date of disability less the total payments received on  
29 account of his member's annuity.

30 (d) Other annuitants.--In the event of the death of an

1 annuitant who has elected to receive the maximum single life  
2 annuity before he has received in total annuity payments an  
3 amount equal to the full amount of the accumulated deductions  
4 standing to his credit on the effective date of retirement, the  
5 difference between the total payments made to the date of death  
6 and the accumulated deductions shall be paid to his designated  
7 beneficiary.

8 § 8348. Supplemental annuities.

9 Any annuitant receiving a supplemental annuity prior to the  
10 effective date of this part in accordance with the former  
11 provisions of the Public School Employees' Retirement Code of  
12 1959, as amended, to the effective date of this part shall  
13 continue to receive such supplemental annuity.

14 § 8349. Payment of benefits.

15 (a) Annuities.--Any annuity granted under the provisions of  
16 this part shall be paid in equal monthly installments.

17 (b) Death benefits.--If the amount of a death benefit  
18 payable to a beneficiary under section 8347 of this title  
19 (relating to death benefits) or under the provisions of Option 1  
20 of section 8345(a) (1) of this title (relating to member's  
21 options) is five thousand dollars (\$5,000) or more, such  
22 beneficiary may elect to receive payment according to one of the  
23 following options:

24 (1) A lump sum payment.

25 (2) An annuity actuarially equivalent to the amount  
26 payable.

27 (3) A lump sum payment and an annuity such that the  
28 annuity is actuarially equivalent to the amount payable less  
29 the lump sum payment specified by the beneficiary.

30 (c) Death or absence of beneficiary.--If the beneficiary

1 designated by a member should predecease him or die within  
2 thirty days of his death, or if a valid nomination of a  
3 beneficiary is not in effect at his death, any money payable to  
4 a beneficiary shall be paid to the estate of the member.

5 CHAPTER 85

6 ADMINISTRATION AND MISCELLANEOUS PROVISIONS

7 Subchapter

8 A. Administration

9 B. Retirement Fund and Accounts

10 C. Miscellaneous Provisions

11 SUBCHAPTER A

12 ADMINISTRATION

13 Sec.

14 8501. Public School Employees' Retirement Board.

15 8502. Administrative duties of the board.

16 8503. Duties of the board to advise and report to the employers  
17 and members.

18 8504. Duties of the board to report to the State Employees'  
19 Retirement Board.

20 8505. Duties of the board regarding applications and elections  
21 of members.

22 8506. Duties of employers.

23 8507. Rights and duties of school employees and members.

24 8508. Rights and duties of annuitants.

25 § 8501. Public School Employees' Retirement Board.

26 (a) Status and membership.--The board shall be an  
27 independent administrative board and shall consist of eleven  
28 members: the Secretary of Education, ex officio; the State  
29 Treasurer, ex officio; the executive secretary of the  
30 Pennsylvania School Boards Association, ex officio; two to be

1 appointed by the Governor, at least one of whom shall not be a  
2 school employee or an officer or employee of the State; three to  
3 be elected by the active professional members of the system from  
4 among their number; one to be elected by annuitants from among  
5 their number; one to be elected by the active nonprofessional  
6 members of the system from among their number; and one to be  
7 elected by members of Pennsylvania public school boards from  
8 among their number. The appointments made by the Governor shall  
9 be confirmed by the Senate and each election shall be conducted  
10 in a manner approved by the board. The terms of the appointed  
11 and elected members shall be three years. The chairman of the  
12 board shall be elected by the board members.

13 (b) Appointment and terms of initial members.--For the  
14 purposes of securing an orderly transition and staggered terms,  
15 the elected members of the board serving on the effective date  
16 of this part shall serve until the expiration of their  
17 respective terms. The board member initially elected by members  
18 of Pennsylvania public school boards shall serve until January  
19 1, 1976. The board member initially elected by the active  
20 nonprofessional members of the system shall serve until January  
21 1, 1977. One of the initial board members appointed by the  
22 Governor after the effective date of this part shall serve until  
23 January 1, 1976 and the second appointed board member shall  
24 serve until January 1, 1977. A vacancy occurring during the term  
25 of any member shall be filled for the unexpired term by a  
26 successor appointed or elected as the case may be in the same  
27 manner as his predecessor.

28 (c) Oath of office.--Each member of the board shall take an  
29 oath of office that he will, so far as it devolves upon him,  
30 diligently and honestly administer the affairs of said board and

1 that he will not knowingly violate or wilfully permit to be  
2 violated any of the provisions of law applicable to this part.  
3 Such oath shall be subscribed by the member making it and  
4 certified by the officer before whom it is taken and shall be  
5 immediately filed in the office of the Secretary of the  
6 Commonwealth.

7 (d) Compensation and expenses.--The members of the board who  
8 are members of the system shall serve without compensation but  
9 shall not suffer loss of salary or wages through serving on the  
10 board. The members of the board who are not members of either  
11 the school system or the State Employees' Retirement System  
12 shall receive one hundred dollars (\$100) per day when attending  
13 meetings and all board members shall be reimbursed for any  
14 necessary expenses. However, when the duties of the board as  
15 mandated are not executed, no compensation or reimbursement for  
16 expenses of board members shall be paid or payable during the  
17 period in which such duties are not executed.

18 (e) Corporate power and legal advisor.--For the purposes of  
19 this part, the board shall possess the power and privileges of a  
20 corporation. The Attorney General of the Commonwealth shall be  
21 the legal advisor of the board.

22 § 8502. Administrative duties of the board.

23 (a) Employees.--The secretary, clerical and other employees  
24 of the board and their successors whose positions on the  
25 effective date of this part are under the classified service  
26 provisions of the act of August 5, 1941 (P.L.752, No.286), known  
27 as the Civil Service Act, shall continue under such provisions.  
28 The compensation and classification of all other persons  
29 appointed shall be determined by the board and shall be  
30 consistent with the standards established by the Executive Board

1 of the Commonwealth.

2 (b) Professional personnel.--The board shall contract for  
3 the services of a chief medical examiner, an actuary, an  
4 investment counselor, and such other professional personnel as  
5 it deems advisable.

6 (c) Expenses.--The board shall, through the Governor, submit  
7 to the General Assembly annually a budget covering the  
8 administrative expenses of this part. Such expenses as approved  
9 by the General Assembly in an appropriation bill shall be paid  
10 from investment earnings of the fund in excess of valuation  
11 interest, except that if in any year such earnings are not  
12 sufficient the balance required shall be appropriated from the  
13 General Fund.

14 (d) Meetings.--The board shall hold at least six regular  
15 meetings annually and such other meetings as it may deem  
16 necessary.

17 (e) Records.--The board shall keep a record of all its  
18 proceedings which shall be open to inspection by the public.

19 (f) Functions.--The board shall perform such other functions  
20 as are required for the execution of this part and shall have  
21 the right to inspect the employment records of employers.

22 (g) Performance of employer duties.--In the event the  
23 employer fails to comply with the procedures as mandated in  
24 section 8506 of this title (relating to duties of employers),  
25 the board shall perform such duties and bill the employer who  
26 shall pay for the cost of same. In the event the employer is  
27 delinquent in payment of contributions in accordance with  
28 section 8327 of this title (relating to payments by employers),  
29 the board shall notify the Secretary of Education and the State  
30 Treasurer of such delinquency.

1 (h) Regulations and procedures.--The board shall, with the  
2 advice of the Attorney General and the actuary, adopt and  
3 promulgate rules and regulations for the uniform administration  
4 of the system. The actuary shall approve in writing all  
5 computational procedures used in the calculation of  
6 contributions and benefits prior to their application by the  
7 board.

8 (i) Data.--The board shall keep in convenient form such data  
9 as are stipulated by the actuary in order that an annual  
10 actuarial valuation of the various accounts can be completed  
11 within six months of the close of each fiscal year.

12 (j) Actuarial investigation and valuation.--The board shall  
13 have the actuary make an annual valuation of the various  
14 accounts within six months of the close of each fiscal year. In  
15 the fiscal year ending 1975 and in every fifth year thereafter,  
16 the board shall have the actuary conduct an actuarial  
17 investigation and valuation of the system based on data  
18 including the mortality, service, and compensation experience  
19 provided by the board annually during the preceding five years  
20 concerning the members and beneficiaries. The board shall adopt  
21 such tables as are necessary for the actuarial valuation of the  
22 fund and calculation of contributions, annuities, and benefits  
23 based on the reports and recommendations of the actuary.

24 (k) Certification of employer contributions.--The board  
25 shall, each year in addition to the itemized budget, certify to  
26 the employers and the Commonwealth the percentage of members'  
27 payroll necessary for the funding of prospective annuities for  
28 active members and certify to them the rates and amounts of the  
29 normal contributions, accrued liability contributions and  
30 supplemental contributions which shall be paid to the fund and

1 credited to the appropriate accounts. These certifications shall  
2 be regarded as final and not subject to modification by the  
3 Budget Secretary.

4 (l) Commonwealth payments.--The board shall within thirty  
5 days following the end of each quarter determine the amount due  
6 to the fund from the Commonwealth during that quarter and submit  
7 at that time a requisition for the amount determined to be due  
8 from the Commonwealth to the State Treasurer.

9 (m) Member contributions and interest.--The board shall  
10 cause each member's contributions, including payroll deductions  
11 and all other payments, to be credited to the account of such  
12 member and shall pay all such amounts into the fund. Such  
13 contributions shall be credited with statutory interest until  
14 date of termination of service, except in the case of a vestee,  
15 who shall have such interest credited until the effective date  
16 of retirement or until the return of his accumulated deductions,  
17 if he so elects; and in the case of a multiple service member  
18 who shall have such interest credited until termination of  
19 service in both the school and the State systems.

20 (n) Annual financial statement.--The board shall prepare and  
21 have published, on or before January first of each year, a  
22 financial statement as of the fiscal year ending June thirtieth  
23 of the previous year showing the condition of the fund and the  
24 various accounts and setting forth such other facts,  
25 recommendations and data as may be of use in the advancement of  
26 knowledge concerning annuities and other benefits provided by  
27 this part. The board shall submit said financial statement to  
28 the Governor and shall make copies available to the employers  
29 for the use of the school employees and the public.

30 § 8503. Duties of the board to advise and report to the



1 employers and members.

2 (a) Manual of regulations.--The board shall, with the advice  
3 of the Attorney General and the actuary, prepare within ninety  
4 days of the effective date of this part, a manual incorporating  
5 rules and regulations consistent with the provisions of this  
6 part for the employers who shall make information contained  
7 therein available to the general membership. The board shall  
8 thereafter advise the employers within ninety days of any  
9 changes in such rules and regulations due to changes in the law  
10 or due to changes in administrative policies.

11 (b) Member status statements.--The board shall furnish  
12 annually on or before December thirty-first, a statement to each  
13 member showing the accumulated deductions standing to the credit  
14 of the member and the number of years and fractional part of a  
15 year of service credited in each class of service as of July  
16 first of that year. Each member's statement shall be mailed to  
17 his home address and shall include a request that the member  
18 make any necessary corrections or revisions regarding his  
19 designated beneficiary, whose name shall remain confidential and  
20 not appear on this statement.

21 (c) Purchase of credit for previous service.--Upon receipt  
22 of an application from an active member or a State employee with  
23 multiple service credit to purchase credit for previous school  
24 or creditable nonschool service, the board shall determine and  
25 certify to the member the amount required to be paid by the  
26 member. When necessary, the board shall certify to the proper  
27 employer the amount which would have been paid together with  
28 statutory interest into the State accumulation account had such  
29 employee been an active member in the system during said period.

30 (d) Purchase of Class T-C credit or full coverage.--Upon

1 receipt of an application from a member of Class T-A or Class  
2 T-B to become a member of Class T-C or an active joint coverage  
3 member who elects to become a full coverage member, the board  
4 shall determine and certify to the member the amount required to  
5 be paid by the member, the effective date of the transfer, and  
6 the prospective rate for regular member contributions.

7 § 8504. Duties of the board to report to the State Employees'  
8 Retirement Board.

9 (a) Multiple service membership of school employees.--Upon  
10 receipt of an application for membership in the system of a  
11 school employee who is a former State employee and who has  
12 elected multiple service membership, the board shall advise the  
13 State Employees' Retirement Board accordingly.

14 (b) Multiple service membership of State employees.--Upon  
15 receipt of notification from the State Employees' Retirement  
16 Board that a former school employee has become an active member  
17 in the State Employees' Retirement System and has elected to  
18 receive credit for multiple service, the board shall certify to  
19 the State Employees' Retirement Board and concurrently to the  
20 member:

21 (1) The total credited service in the system and the  
22 number of years and fractional part of a year of service  
23 credited in each class of service.

24 (2) The annual compensation received each school year by  
25 the member for credited school service.

26 (c) Applications for benefits for State employees.--Upon  
27 receipt of notification and the required data from the State  
28 Employees' Retirement Board that a former school employee who  
29 elected multiple service has applied for a State employee's  
30 retirement benefit or, in the event of his death, his legally

1 constituted representative has applied for such benefit, the  
2 board shall:

3 (1) Certify to the State Employees' Retirement Board:

4 (i) The salary history as a member of the Public  
5 School Employees' Retirement System and the final average  
6 salary as calculated on the basis of the compensation  
7 received as a State and school employee.

8 (ii) The annuity or benefit which the member or his  
9 beneficiary is entitled to receive under this part and  
10 modified according to the option selected.

11 (2) Transfer to the State Employees' Retirement Fund the  
12 accumulated deductions standing to such member's credit and  
13 the actuarial reserve required on account of the member's  
14 years of credited service in the school system and his final  
15 average salary determined on the basis of his compensation in  
16 both systems.

17 § 8505. Duties of the board regarding applications and  
18 elections of members.

19 (a) Statement to new members.--As soon as practicable after  
20 each member shall have joined the system, the board shall issue  
21 to him a statement as to the aggregate length of total previous  
22 school service and creditable nonschool service for which he may  
23 receive credit.

24 (b) State employees electing multiple service status.--Upon  
25 receipt of notification from the State Employees' Retirement  
26 Board that a former school employee has become an active member  
27 in the State Employees' Retirement System and has elected to  
28 become a member with multiple service status, the board shall:

29 (1) In case of a member who is receiving an annuity from  
30 the system, discontinue payments, transfer the present value,

1 at that time, of the member's annuity from the annuity  
2 reserve account to the members' savings account and resume  
3 crediting of statutory interest on the amount restored to his  
4 credit and transfer the balance of the present value of the  
5 total annuity from the annuity reserve account to the State  
6 accumulation account.

7 (2) In case of a member who is not receiving an annuity  
8 from the system and who has not withdrawn his accumulated  
9 deductions, continue or resume the crediting of statutory  
10 interest on his accumulated deductions.

11 (3) In case of a member who is not receiving an annuity  
12 from the system and his accumulated deductions were  
13 withdrawn, certify to the member the accumulated deductions  
14 as they would have been at the time of his separation had he  
15 been a full coverage member together with statutory interest  
16 for all periods of subsequent State and school service to the  
17 date of repayment. Such amount shall be restored by him and  
18 shall be credited with statutory interest as such payments  
19 are restored.

20 (c) Disability annuities.--In every case where the board has  
21 received an application for a disability annuity based upon  
22 physical or mental incapacity for the performance of the job for  
23 which the member is employed, the board shall:

24 (1) Through the chief medical examiner, have the  
25 applicant examined and, on the basis of said examination and  
26 the subsequent recommendation by the chief medical examiner  
27 regarding the applicant's medical qualification for a  
28 disability annuity along with such other recommendations  
29 which he may make with respect to the permanency of  
30 disability or the need for subsequent reexaminations, make a

1 finding of disability or nondisability and, in the case of  
2 disability, establish an effective date of disability and the  
3 terms and conditions regarding subsequent reexaminations.

4 (2) Upon the recommendation of the chief medical  
5 examiner on the basis of subsequent medical examinations,  
6 make a finding of disability or nondisability and, in the  
7 case of a finding of nondisability, establish the date of  
8 termination of disability and at that time discontinue any  
9 annuity payments in excess of any annuity to which he may be  
10 otherwise entitled under section 8342 of this title (relating  
11 to maximum single life annuity).

12 (3) Upon receipt of a written statement from a  
13 disability annuitant of his earned income of the previous  
14 year, adjust the payments of the disability annuity for the  
15 following year in accordance with the provisions for a  
16 reduction of disability payments of section 8344 of this  
17 title (relating to disability annuities).

18 (d) Withdrawal of accumulated deductions.--Upon receipt of  
19 an application to withdraw his accumulated deductions executed  
20 by a member who is terminating school service and the required  
21 data from the employer, the board shall pay to such member  
22 within sixty days after filing the application or termination of  
23 school service, whichever is later, the accumulated deductions  
24 standing to his credit.

25 (e) Certification to vestees.--The board shall certify to a  
26 vestee within one year of termination of service of such member:

27 (1) The accumulated deductions standing to his credit at  
28 the date of termination of service.

29 (2) The number of years and fractional part of a year of  
30 credit in each class of service.

1           (3) The maximum single life annuity to which the vestee  
2 shall become entitled upon the attainment of superannuation  
3 age and the filing of an application for such annuity.

4           (f) Initial annuity payment and certification.--The board  
5 shall make the first monthly payment to a member who is eligible  
6 for an annuity within sixty days of the filing of his  
7 application for an annuity and receipt of the required data from  
8 the employer of the member. Concurrently the board shall certify  
9 to such member:

10           (1) The accumulated deductions standing to his credit  
11 showing separately the amount contributed and the interest  
12 credited to the date of termination of service.

13           (2) The number of years and fractional part of a year  
14 credited in each class of service.

15           (3) The final average salary on which his annuity is  
16 based as well as any applicable reduction factors due to age  
17 or election of an option or both.

18           (4) The total annuity payable under the option elected  
19 and the amount and effective date of any future reduction on  
20 account of social security old-age insurance benefits.

21           (g) Death benefits.--Upon receipt of notification of the  
22 death of a member, the board shall notify the designated  
23 beneficiary or survivor annuitant of the benefits to which he is  
24 entitled and shall make the first payment to the beneficiary  
25 under the plan elected by the beneficiary within sixty days of  
26 receipt of certification of death and other necessary data.

27           (h) Medical insurance coverage.--Upon receipt of  
28 notification from an insurance carrier approved by the board  
29 that an annuitant who has attained age sixty-five has elected  
30 medical, major medical, and hospitalization insurance coverage,

1 the board shall deduct from the annuity payments the appropriate  
2 annual charges in equal monthly installments. Such deductions  
3 shall be transmitted to the insurance carrier.

4 (i) Joint coverage annuitants.--The board shall notify in  
5 writing each joint coverage annuitant who retired prior to July  
6 1, 1962 that he may elect any time prior to, but not later than,  
7 July 1, 1975 to receive his annuity without reduction  
8 attributable to social security coverage. The board shall within  
9 sixty days of such election certify in writing to each annuitant  
10 who so elects the amount required to be paid. Upon receipt of a  
11 lump-sum payment within sixty days in the amount certified to  
12 such annuitant, the board shall recompute the annuity payable to  
13 such annuitant and the annuity and/or lump sum, if any, payable  
14 upon his death to his beneficiary or survivor annuitant as  
15 though he had been a full coverage member on the effective date  
16 of retirement. Such recomputed annuity shall be paid beginning  
17 with the second monthly payment next following the month in  
18 which the lump sum payment is received.

19 § 8506. Duties of employers.

20 (a) Status of members.--The employer shall, each month,  
21 notify the board in a manner prescribed by the board of the  
22 salary changes effective during the past month, the date of all  
23 removals from the payroll, and the type of leave of any member  
24 who has been removed from the payroll for any time during that  
25 month, and:

26 (1) if the removal is due to leave without pay, the  
27 employer shall furnish the board with the date of beginning  
28 leave, the date of return to service, and the reason for  
29 leave; or

30 (2) if the removal is due to a transfer to another

1     employer, the former employer shall furnish such employer and  
2     the board with a complete school service record, including  
3     credited or creditable nonschool service; or

4           (3) if the removal is due to termination of school  
5     service, the employer shall furnish the board with a complete  
6     school service record including credited or creditable  
7     nonschool service and in the case of death of the member the  
8     employer shall so notify the board.

9     (b) Records and information.--At the direction of the board,  
10  the employer shall furnish service and compensation records as  
11  well as other information requested by the board and shall  
12  maintain and preserve such records as the board may require for  
13  the expeditious discharge of its duties.

14    (c) Member and employer contributions.--The employer shall  
15  certify to his treasurer the required member contributions  
16  deducted from each payroll. The treasurer shall remit to the  
17  secretary of the board each month the total of the member  
18  contributions and the amount due from the employer determined in  
19  accordance with section 8327 of this title (relating to payments  
20  by employers).

21    (d) New employees subject to mandatory membership.--Upon the  
22  assumption of duties of each new school employee whose  
23  membership in the system is mandatory, the employer shall no  
24  later than thirty days thereafter cause an application for  
25  membership, which application shall include the employee's home  
26  address, birthdate certified by the employer, previous school or  
27  State service and any other information requested by the board,  
28  and a nomination of beneficiary to be made by such employee and  
29  filed with the board and shall make payroll deductions from the  
30  effective date of school employment.



1 (e) New employees subject to optional membership.--The  
2 employer shall inform any eligible school employee whose  
3 membership in the system is not mandatory of his opportunity to  
4 become a member of the system provided that he elects to  
5 purchase credit for all such continuous creditable service. If  
6 such employee so elects, the employer shall no later than thirty  
7 days thereafter cause an application for membership which  
8 application shall include the employee's home address, birthdate  
9 certified by the employer, previous school or State service and  
10 any other information requested by the board, and a nomination  
11 of beneficiary to be made by him and filed with the board and  
12 shall make payroll deductions from the date of election of  
13 membership.

14 (f) Advising members of duties.--The employer shall advise  
15 his employees of their duties as members of the system.

16 (g) Former State employee contributors.--The employer shall,  
17 upon the employment of a former member of the State Employees'  
18 Retirement System who is not an annuitant of the State  
19 Employees' Retirement System, advise such employee of his right  
20 to elect multiple service membership within ninety days of entry  
21 into the system and, in the case any such employee who so elects  
22 has withdrawn his accumulated deductions, require him to restore  
23 his accumulated deductions as they would have been at the time  
24 of his separation had he been a full coverage member, together  
25 with statutory interest for all periods of subsequent State and  
26 school service to date of repayment. The employer shall advise  
27 the board of such election.

28 (h) Former State employee annuitants.--The employer shall,  
29 upon the employment of an annuitant of the State Employees'  
30 Retirement System who applies for membership in the system,

1 advise such employee that he may elect multiple service  
2 membership within ninety days of entry into the system and that  
3 if he so elects his annuity from the State Employees' Retirement  
4 System will be discontinued and, upon termination of school  
5 service and application for retirement, the annuity will be  
6 recomputed and paid on the basis of his total school and State  
7 service. The employer shall advise the board of such election.

8 (i) Termination of service.--The employer shall, in the case  
9 of any member terminating school service, advise such member in  
10 writing of any benefits to which he may be entitled under the  
11 provisions of this part and shall have the member prepare, on or  
12 before the date of termination of school service, one of the  
13 following three forms, a copy of which shall be given to the  
14 member and the original of which shall be filed with the board:

15 (1) An application for the return of accumulated  
16 deductions.

17 (2) An election to vest his retirement rights and, if he  
18 is a joint coverage member and so desires, an election to  
19 become a full coverage member and an agreement to pay within  
20 thirty days of the date of termination of service the lump  
21 sum required.

22 (3) An application for an immediate annuity and, if he  
23 is a joint coverage member and so desires, an election to  
24 become a full coverage member and an agreement to pay within  
25 thirty days of date of termination of service the lump sum  
26 required.

27 (j) Date of application for benefits.--Any application  
28 properly executed and filed with the employer under subsection  
29 (i) of this section or properly executed and filed with the  
30 employer after termination of service shall be deemed to have

1 been filed with the board on the date filed with the employer.

2 § 8507. Rights and duties of school employees and members.

3 (a) Information on new employees.--Upon his assumption of  
4 duties, each new school employee shall furnish his employer with  
5 a complete record of his previous school or State service, or  
6 creditable nonschool service, proof of his date of birth, his  
7 home address, his current status in the system and in the State  
8 Employees' Retirement System and such other information as the  
9 board may require. Wilful failure to provide the information  
10 required by this subsection to the extent available or the  
11 provision of erroneous information upon entrance into the system  
12 shall result in the forfeiture of the right of the member to  
13 subsequently assert any right to benefits based on erroneous  
14 information or on any of the required information which he  
15 failed to provide. In any case in which the board finds that a  
16 member is receiving an annuity based on false information, the  
17 additional amounts received predicated on such false information  
18 together with statutory interest doubled and compounded shall be  
19 deducted from the present value of any remaining benefits to  
20 which the member is legally entitled and such remaining benefits  
21 shall be correspondingly decreased.

22 (b) Application for membership.--A new employee who is not  
23 currently a member of the system and whose membership is  
24 mandatory or a new employee whose membership in the system is  
25 not mandatory but who desires to become a member of the system  
26 shall execute an application for membership and a nomination of  
27 beneficiary and shall make the proper contributions.

28 (c) Multiple service membership.--Any active member who was  
29 formerly an active member in the State Employees' Retirement  
30 System may elect to become a multiple service member. Such

1 election shall occur no later than ninety days after becoming an  
2 active member in this system.

3 (d) Credit for previous service or change in membership  
4 status.--Any active member or multiple service member who is a  
5 State employee who desires to receive credit for his previous  
6 school service or creditable nonschool service to which he is  
7 entitled, or a member of Class T-A or Class T-B who desires to  
8 become a member of Class T-C, or a joint coverage member who  
9 desires to become a full coverage member shall so notify the  
10 board. Upon written agreement by the member and the board as to  
11 the manner of payment of the amount due, the member shall  
12 receive credit for such service as of the date of such agreement  
13 subject to the provisions of section 8325 of this title  
14 (relating to incomplete payments).

15 (e) Beneficiary for death benefits.--Every member shall  
16 nominate a beneficiary by written designation duly acknowledged  
17 and filed with the board to receive the death benefit or the  
18 benefit payable under the provisions of Option 1. Such  
19 nomination may be changed at any time by the member by written  
20 designation duly acknowledged and filed with the board. A member  
21 may also nominate a contingent beneficiary or beneficiaries to  
22 receive the death benefit or the benefit payable under the  
23 provisions of Option 1.

24 (f) Termination of service.--Each member who terminates  
25 school service shall execute on or before the date of  
26 termination of service a written application, duly attested by  
27 the member or his legally constituted representative, electing  
28 to do one of the following:

29 (1) Withdraw his accumulated deductions.

30 (2) Vest his retirement rights and if he is a joint

1 coverage member, and so desires, elect to become a full  
2 coverage member and agree to pay within thirty days of the  
3 date of termination of service the lump sum required.

4 (3) Receive an immediate annuity, and may, if he is a  
5 joint coverage member, elect to become a full coverage member  
6 and agree to pay within thirty days of date of termination of  
7 service the lump sum required.

8 (g) Vesting of retirement rights.--If a member elects to  
9 vest his retirement rights, he shall nominate a beneficiary by  
10 written designation duly acknowledged and filed with the board  
11 and he may anytime thereafter withdraw the accumulated  
12 deductions standing to his credit or apply for an annuity.

13 (h) Vestees attaining superannuation age.--Upon attainment  
14 of superannuation age a vestee shall execute and file within  
15 ninety days an application for an annuity. Any application filed  
16 after such ninety day period shall be effective as of the date  
17 it is filed with the board. If a vestee does not file an  
18 application within seven years after attaining superannuation  
19 age, he shall be deemed to have elected to receive his  
20 accumulated deductions upon attainment of superannuation age.

21 (i) Failure to apply for annuity.--If a member is eligible  
22 to receive an annuity and does not file a proper application  
23 within ninety days of termination of service, he shall be deemed  
24 to have elected to vest, and his annuity will become effective  
25 as of the date an application is filed with the board or the  
26 date designated on the application which ever is later.

27 (j) Nomination of beneficiary or survivor annuitant.--A  
28 member who is eligible and elects to receive a reduced annuity  
29 under Option 1, 2, 3, or 4, shall nominate a beneficiary or a  
30 survivor annuitant, as the case may be, by written designation

1 duly acknowledged and filed with the board at the time of his  
2 retirement. A member who has elected Option 1, may change his  
3 designated beneficiary at any time. A member having designated a  
4 survivor annuitant at time of retirement shall not be permitted  
5 to nominate a new survivor annuitant unless such survivor  
6 annuitant predeceases him or unless the member is awarded a  
7 divorce or becomes married subsequent to the election of the  
8 option. In such cases, the annuitant shall have the right to  
9 reelect an option and to nominate a beneficiary or a new  
10 survivor annuitant and to have his annuity recomputed to be  
11 actuarially equivalent as of the date of recomputation to the  
12 optional annuity in effect immediately prior to the  
13 recomputation. In no other case shall a benefit plan be changed  
14 by an annuitant.

15 (k) Disability annuities.--If service of a member who is  
16 under superannuation age is terminated due to his physical or  
17 mental incapacity for the performance of duty, an application  
18 for a disability annuity may be executed by him or by a person  
19 legally authorized to act on his behalf.

20 § 8508. Rights and duties of annuitants.

21 (a) Election by joint coverage annuitants.--Any annuitant  
22 who is a joint coverage member who was receiving an annuity  
23 prior to July 1, 1962 may elect to receive his annuity without  
24 reduction on account of social security old-age insurance  
25 benefits provided that he shall file such election with the  
26 board prior to July 1, 1975 and shall make a lump sum payment  
27 within sixty days of receipt of the certification of the amount  
28 due.

29 (b) Periodic earnings statements by disability  
30 annuitants.--It shall be the duty of an annuitant receiving a

1 disability annuity while still under superannuation age to  
2 furnish a written statement within thirty days of the close of  
3 each year of all earned income during that year and information  
4 showing whether or not he is able to engage in a gainful  
5 occupation and such other information as may be required by the  
6 board. On failure, neglect, or refusal to furnish such  
7 information for the period of the preceding year, the board may  
8 refuse to make further payments due to disability to such  
9 annuitant until he has furnished such information to the  
10 satisfaction of the board. Should such refusal continue for six  
11 months, all of his rights to the disability annuity payments in  
12 excess of any annuity to which he is otherwise entitled shall be  
13 forfeited from the date of his last statement to the board. Any  
14 moneys received in excess of those to which he was entitled  
15 shall be deducted from the present value of the annuity to which  
16 he is otherwise entitled.

17 (c) Medical examinations of disability annuitants.--Should  
18 any annuitant receiving a disability annuity while still under  
19 superannuation age refuse to submit to a medical examination by  
20 a physician or physicians at the request of the board, his  
21 payments due to disability shall be discontinued until the  
22 withdrawal of such refusal. Should such refusal continue for a  
23 period of six months, all of his rights to the disability  
24 annuity payments in excess of any annuity to which he is  
25 otherwise entitled shall be forfeited.

26 SUBCHAPTER B

27 RETIREMENT FUND AND ACCOUNTS

28 Sec.

29 8521. Management of fund and accounts

30 8522. Public school employees' retirement fund.

- 1 8523. Members' savings account.
- 2 8524. State accumulation account.
- 3 8525. Annuity reserve account.
- 4 § 8521. Management of fund and accounts.

5 (a) Control and management of fund.--The members of the  
6 board shall be the trustees of the fund and shall have exclusive  
7 control and management of the said fund and full power to invest  
8 the same, subject, however, to all the terms, conditions,  
9 limitations, and restrictions imposed by this part or other law  
10 upon the making of investments. Subject to like terms,  
11 conditions, limitations, and restrictions, said trustees shall  
12 have the power to hold, purchase, sell, assign, transfer, or  
13 dispose of any of the securities and investments in which any of  
14 the moneys in the funds shall have been invested as well as of  
15 the proceeds of said investments and of any moneys belonging to  
16 said fund.

17 (b) Crediting of interest.--The board annually shall allow  
18 statutory interest on the mean amount of the members' savings  
19 account for the preceding year to the credit of that account and  
20 valuation interest on the mean amount of the annuity reserve  
21 account for the preceding year to the credit of that account.  
22 The board annually shall allow valuation interest calculated on  
23 the mean amount for the preceding year of the balance in the  
24 State accumulation account excluding any earnings of the fund  
25 credited to the account during that year. In the event the total  
26 earnings for the year do not exceed five and one-half percent (5  
27 1/2%) of the mean amount for the preceding year of the total  
28 assets of the fund less earnings credited to the fund during  
29 that year plus the administrative expenses of the board, the  
30 difference required to be appropriated from the General Fund



1 shall be credited to the State accumulation account.

2 (c) Custodian of fund.--The State Treasurer shall be the  
3 custodian of the fund.

4 (d) Payments from fund.--All payments from the fund shall be  
5 made by the State Treasurer in accordance with requisitions  
6 signed by the secretary of the board and ratified by resolution  
7 of the board.

8 (e) Fiduciary status of board.--The members of the board,  
9 employees of the board, and agents thereof shall stand in a  
10 fiduciary relationship to the members of the system regarding  
11 the investments and disbursements of any of the moneys of the  
12 fund and shall not profit either directly or indirectly with  
13 respect thereto.

14 (f) Name for transacting business.--By the name of "The  
15 Public School Employees' Retirement System" or "The Public  
16 School Employees' Retirement System" all of the business of the  
17 system shall be transacted, its fund invested, all requisitions  
18 for money drawn and payments made, and all of its cash and  
19 securities and other property shall be held, except that, any  
20 other law to the contrary notwithstanding, the board may  
21 establish a nominee registration procedure for the purpose of  
22 registering securities in order to facilitate the purchase,  
23 sale, or other disposition of securities pursuant to the  
24 provisions of this part.

25 (g) Deposits in banks and trust companies.--For the purpose  
26 of meeting disbursements for annuities and other payments in  
27 excess of the receipts, there shall be kept available by the  
28 State Treasurer an amount, not exceeding ten percent (10%) of  
29 the total amount in the fund, on deposit in any bank or banks in  
30 this Commonwealth organized under the laws thereof or under the

1 laws of the United States or with any trust company or companies  
2 incorporated by any law of the Commonwealth, provided any of  
3 such banks or trust companies shall furnish adequate security  
4 for said deposit; provided that the sum so deposited in any one  
5 bank or trust company shall not exceed twenty-five percent (25%)  
6 of the paid-up capital and surplus of said bank or trust  
7 company.

8 (h) Investment in corporate stocks.--Preferred and common  
9 stock of any corporation organized under the laws of the United  
10 States or of any commonwealth or state thereof or of the  
11 District of Columbia shall be an authorized investment of the  
12 fund, regardless of any other provision of law provided that:

13 (1) such stock be purchased with the exercise of that  
14 degree of judgment and care under the circumstances then  
15 prevailing which men of prudence, discretion and intelligence  
16 exercise in the management of their own affairs not in regard  
17 to speculation, but in regard to the permanent disposition of  
18 the funds, considering the probable income to be derived  
19 therefrom as well as the probable safety of their capital;

20 (2) in the case of any stock other than stock of a bank  
21 or insurance company, the stock is listed or traded (or if  
22 unlisted or not entitled to trading privileges shall be  
23 eligible for listing and application for such listing shall  
24 have been made) on the New York Stock Exchange or any other  
25 exchange approved by the Secretary of Banking;

26 (3) no investment in common stock be made which at that  
27 time would cause the book value of the investments in common  
28 stock to exceed twenty-five percent (25%) of the total assets  
29 of the fund;

30 (4) no more than five percent (5%) of the total assets

1 of the fund be invested in common stocks in any one year,  
2 provided that any unused portion may be used in subsequent  
3 years, but in no event shall more than eight percent (8%) of  
4 such assets be invested in common stocks in any one year;

5 (5) the amount invested in the common stock of any one  
6 company shall not exceed at cost two percent (2%) of the book  
7 value of the assets of the fund at the time of purchase and  
8 shall not exceed five percent (5%) of the issued and  
9 outstanding common stock of that company; and

10 (6) the percentage limitations of paragraphs (3) and (4)  
11 of this subsection shall not apply to the reinvestment of  
12 funds realized from the sale or transfer of common stocks and  
13 no sale or other liquidation of any investment shall be  
14 required solely because of any change in market values  
15 whereby the percentages of stocks set forth in this  
16 subsection are exceeded.

17 (i) Common stock defined.--"Common stock" as used in  
18 subsection (h) of this section shall include the stock  
19 certificates, certificates of beneficial interests, or trust  
20 participation certificates issued by any corporation or  
21 unincorporated association included under the definition of  
22 "corporation" in subsection (j) of this section .

23 (j) Corporation defined.--"Corporation" as used in  
24 subsection (h) of this section shall include a voluntary  
25 association, a joint-stock association or company, a business  
26 trust, a Massachusetts trust, a common-law trust, and any other  
27 organization organized and existing for any lawful purpose and  
28 which like a corporation, continues to exist, notwithstanding  
29 changes in the personnel of its members or participants and  
30 conducts its affairs through a committee, a board, or some other

1 group acting in a representative capacity.

2 (k) Investment in real estate.--Real estate subject to a  
3 lease to one or more financially responsible tenants which lease  
4 shall not require managerial responsibility by the board, bonds,  
5 notes and deeds of trust of individuals or corporations secured  
6 by mortgages on real estate, located in any state, district or  
7 territory of the United States, shall be an authorized  
8 investment of the board regardless of any other provision of  
9 law. The board shall promulgate regulations to implement the  
10 foregoing restrictions and to insure the safety of investments  
11 made pursuant to this subsection, which regulations shall be in  
12 accordance with generally accepted standards and investment  
13 principles for pension funds of comparable size. All  
14 instruments, transfers of interest, and all records pertaining  
15 to real estate, mortgages or bonds invested in by the board,  
16 shall be open to public inspection and reports as requested by  
17 the board shall be submitted on all real estate investments and  
18 by mortgage correspondents.

19 § 8522. Public School Employees' Retirement Fund.

20 The fund shall consist of all moneys in the several separate  
21 funds in the State Treasury set apart to be used under the  
22 direction of the board for the benefit of members of the system;  
23 and the Treasury Department shall credit to the fund all moneys  
24 received from the Department of Revenue arising from the  
25 contributions required under the provisions of chapter 83 of  
26 this title (relating to membership, contributions and benefits)  
27 and all earnings from investments or moneys of said fund. There  
28 shall be established and maintained by the board the several  
29 ledger accounts specified in sections 8523 (relating to members'  
30 savings account), 8524 (relating to State accumulation account)

1 and 8525 (relating to annuity reserve account) of this title.

2 § 8523. Members' savings account.

3 (a) Credits to account.--The members' savings account shall  
4 be the ledger account to which shall be credited the amounts of  
5 the contributions or lump sum payments made by active members in  
6 accordance with the provisions of chapter 83 of this title  
7 (relating to membership, contributions and benefits).

8 (b) Interest and transfers from account.--The members'  
9 savings account in total and the individual member accounts  
10 shall be credited with statutory interest. The accumulated  
11 deductions credited to the account of a member who dies in  
12 service or whose application for an annuity has been approved  
13 shall be transferred from the members' savings account to the  
14 annuity reserve account provided for in section 8525 of this  
15 title (relating to annuity reserve account).

16 (c) Charges to account.--Upon the election of a member to  
17 withdraw his accumulated deductions, the payment of such amount  
18 shall be charged to the members' saving account.

19 § 8524. State accumulation account.

20 The State accumulation account shall be the ledger account to  
21 which shall be credited all contributions of the Commonwealth  
22 and other employers as well as the earnings of the fund.  
23 Valuation interest shall be allowed on the total amount of such  
24 account less any earnings of the fund credited during the year.  
25 The reserves necessary for the payment of annuities and death  
26 benefits as approved by the board and as provided in chapter 83  
27 of this title (relating to membership, contributions and  
28 benefits) shall be transferred from the State accumulation  
29 account to the annuity reserve account. At the end of each year  
30 the required interest shall be transferred from the State

1 accumulation account to the credit of the members' savings  
2 account and the annuity reserve account. The administrative  
3 expenses of the board shall be charged to the State accumulation  
4 account.

5 § 8525. Annuity reserve account.

6 (a) Credits and charges to account.--The annuity reserve  
7 account shall be the ledger account to which shall be credited  
8 the reserves held for the payment of annuities and death  
9 benefits on account of all annuitants and the contributions from  
10 the Commonwealth and other employers as determined in accordance  
11 with section 8328 of this title (relating to actuarial cost  
12 method) for the payment of the supplemental annuities provided  
13 in section 8348 of this title (relating to supplemental  
14 annuities). The annuity reserve account shall be credited with  
15 valuation interest. After the transfers provided in sections  
16 8523 (relating to members' savings account) and 8524 (relating  
17 to State accumulation account) of this title, all annuity and  
18 death benefit payments shall be charged to the annuity reserve  
19 account and paid from the fund.

20 (b) Transfers from account.--Should an annuitant be  
21 subsequently restored to active service, the present value of  
22 his member's annuity at the time of reentry into school service  
23 shall be transferred from the annuity reserve account and placed  
24 to his individual credit in the members' savings account. In  
25 addition, the actuarial reserve for his annuity less the amount  
26 transferred to the members' savings account shall be transferred  
27 from the annuity reserve account to the State accumulation  
28 account.

29 SUBCHAPTER C

30 MISCELLANEOUS PROVISIONS

1 Sec.

2 8531. State guarantee.

3 8532. State supervision.

4 8533. Exemption from execution.

5 8534. Fraud and adjustment of errors.

6 § 8531. State guarantee.

7 Statutory interest charges payable, the maintenance of  
8 reserves in the fund, and the payment of all annuities and other  
9 benefits granted by the board under the provisions of this part  
10 are hereby made obligations of the Commonwealth. All income,  
11 interest, and dividends derived from deposits and investments  
12 authorized by this part shall be used for the payment of the  
13 said obligations of the Commonwealth.

14 § 8532. State supervision.

15 The fund and ledger accounts provided for by this part shall  
16 be subject to the supervision of the State Insurance Department.

17 § 8533. Exemption from execution.

18 The right of a person to a member's annuity, a State annuity,  
19 or retirement allowance, to the return of contributions, any  
20 benefit or right accrued or accruing to any person under the  
21 provisions of this part, and the moneys in the fund are hereby  
22 exempt from any State or municipal tax, and exempt from levy and  
23 sale, garnishment, attachment, or any other process whatsoever,  
24 and shall be unassignable.

25 § 8534. Fraud and adjustment of errors.

26 (a) Offense defined.--Any person who shall knowingly make  
27 any false statement or shall falsify or permit to be falsified  
28 any record or records of this system in any attempt to defraud  
29 the system as a result of such act shall be guilty of a  
30 misdemeanor of the second degree.

1 (b) Adjustment of errors.--Should any change or mistake in  
2 records result in any member, beneficiary, or survivor annuitant  
3 receiving from the system more or less than he would have been  
4 entitled to receive had the records been correct, then  
5 regardless of the intentional or unintentional nature of the  
6 error and upon the discovery of such error, the board shall  
7 correct the error and so far as practicable shall adjust the  
8 payments which may be made for and to such person in such a  
9 manner that the actuarial equivalent of the benefit to which he  
10 was correctly entitled shall be paid.

11 Section 2. Repeals.--(a) The following acts and parts of  
12 acts are repealed absolutely:

13 Act of July 18, 1917 (P.L.1043, No.343), entitled "An act  
14 establishing a public school employes' retirement system, and  
15 creating a retirement board for the administration thereof;  
16 establishing certain funds from contributions by the  
17 Commonwealth and contributing employes, defining the uses and  
18 purposes thereof and the manner of payments therefrom, and  
19 providing for the guaranty by the Commonwealth of certain of  
20 said funds; imposing powers and duties upon boards having the  
21 employment of public school employes; exempting annuities,  
22 allowances, returns, benefits, and rights from taxation and  
23 judicial process; and providing penalties."

24 As much of section 202, act of April 9, 1929 (P.L.177,  
25 No.175), known as "The Administrative Code of 1929," as relates  
26 to the Public School Employes' Retirement Board in the  
27 Department of Education.

28 Sections 410 and 1308, act of April 9, 1929 (P.L.177,  
29 No.175), known as "The Administrative Code of 1929."

30 Act of May 6, 1942 (Sp. Sess., P.L.101, No.27), entitled "A



1 supplement to the act, approved the eighteenth day of July, one  
2 thousand nine hundred seventeen (Pamphlet Laws, one thousand  
3 forty-three), entitled 'An act establishing a public school  
4 employes' retirement system, and creating a retirement board for  
5 the administration thereof; establishing certain funds from  
6 contributions by the Commonwealth and contributing employes,  
7 defining the uses and purposes thereof and the manner of  
8 payments therefrom, and providing for the guaranty by the  
9 Commonwealth of certain of said funds; imposing powers and  
10 duties upon boards having the employment of public school  
11 employes; exempting annuities, allowances, returns, benefits,  
12 and rights from taxation and judicial process; and providing  
13 penalties,' defining the rights and obligations of certain  
14 members of the School Employes' Retirement Association engaged  
15 in active military service."

16 Act of January 14, 1952 (P.L.2015, No.560), entitled "A  
17 supplement to the act, approved the eighteenth day of July, one  
18 thousand nine hundred seventeen (Pamphlet Laws 1043), entitled  
19 'An act establishing a public school employes' retirement  
20 system, and creating a retirement board for the administration  
21 thereof; establishing certain funds from contributions by the  
22 Commonwealth and contributing employes, defining the uses and  
23 purposes thereof and the manner of payments therefrom, and  
24 providing for the guaranty by the Commonwealth of certain of  
25 said funds; imposing powers and duties upon boards having the  
26 employment of public school employes; exempting annuities,  
27 allowances, returns, benefits, and rights from taxation and  
28 judicial process; and providing penalties,' by extending certain  
29 benefits heretofore granted to school employes entering the  
30 armed forces of the United States to certain other similarly

1 qualified school employes."

2 Act of August 19, 1953 (P.L.1097, No.294), entitled "A  
3 supplement to the act, approved the eighteenth day of July, one  
4 thousand nine hundred seventeen (Pamphlet Laws 1043), entitled  
5 'An act establishing a public school employes' retirement  
6 system, and creating a retirement board for the administration  
7 thereof; establishing certain funds from contributions by the  
8 Commonwealth and contributing employes, defining the uses and  
9 purposes thereof and the manner of payments therefrom, and  
10 providing for the guaranty by the Commonwealth of certain of  
11 said funds; imposing powers and duties upon boards having the  
12 employment of public school employes; exempting annuities,  
13 allowances, returns, benefits, and rights from taxation and  
14 judicial process; and providing penalties,' by permitting former  
15 contributors who have become State employes and members of the  
16 State Employes' Retirement Association to restore membership in  
17 the Public School Employes' Retirement Association, and  
18 authorizing the transfer of monetary credits in the Public  
19 School Employes' Retirement Association to the State Employes'  
20 Retirement Association under certain conditions."

21 Act of May 17, 1956 (P.L.1622, No.538), entitled "A  
22 supplement to the act, approved the eighteenth day of July, one  
23 thousand nine hundred seventeen (Pamphlet Laws 1043), entitled  
24 'An act establishing a public school employes' retirement  
25 system, and creating a retirement board for the administration  
26 thereof; establishing certain funds from contributions by the  
27 Commonwealth and contributing employes, defining the uses and  
28 purposes thereof and the manner of payments therefrom, and  
29 providing for the guaranty by the Commonwealth of certain of  
30 said funds; imposing powers and duties upon boards having the

1 employment of public school employes; exempting annuities,  
2 allowances, returns, benefits, and rights from taxation and  
3 judicial process; and providing penalties,' by permitting former  
4 contributors who have become State employes and members of the  
5 State Employes' Retirement Association to restore membership in  
6 the Public School Employes' Retirement Association and  
7 authorizing the transfer of monetary credits in the Public  
8 School Employes' Retirement Association to the State Employes'  
9 Retirement Association under certain conditions."

10 Act of May 17, 1956 (P.L.1623, No.539), entitled "A  
11 supplement to the act, approved the eighteenth day of July, one  
12 thousand nine hundred seventeen (Pamphlet Laws 1043), entitled  
13 'An act establishing a public school employes' retirement  
14 system, and creating a retirement board for the administration  
15 thereof; establishing certain funds from contributions by the  
16 Commonwealth and contributing employes, defining the uses and  
17 purposes thereof and the manner of payments therefrom, and  
18 providing for the guaranty by the Commonwealth of certain of  
19 said funds; imposing powers and duties upon boards having the  
20 employment of public school employes; exempting annuities,  
21 allowances, returns, benefits and rights from taxation and  
22 judicial process; and providing penalties,' by permitting any  
23 school employe as a contributor under the provisions of the  
24 School Employes' Retirement System and who was an employe under  
25 the State Employes' Retirement System of the Commonwealth and  
26 made contributions to the State Employes' Retirement Fund on  
27 account of such State service to obtain credit for such service  
28 in the School Employes' Retirement System under certain  
29 conditions."

30 Act of June 20, 1957 (P.L.337, No.182), entitled "A

1 supplement to the act of July 18, 1917 (P.L.1043, No.343),  
2 entitled 'An act establishing a public school employes'  
3 retirement system, and creating a retirement board for the  
4 administration thereof; establishing certain funds from  
5 contributions by the Commonwealth and contributing employes,  
6 defining the uses and purposes thereof and the manner of  
7 payments therefrom, and providing for the guaranty by the  
8 Commonwealth of certain of said funds; imposing powers and  
9 duties upon boards having the employment of public school  
10 employes; exempting annuities, allowances, returns, benefits,  
11 and rights from taxation and judicial process; and providing  
12 penalties,' authorizing the retransfer of credits of certain  
13 State employes to the Public School Employes' Retirement  
14 System."

15 Act of June 1, 1959 (P.L.350, No.77), known as the "Public  
16 School Employes' Retirement Code of 1959," including amendments  
17 through the act of June 18, 1974 (P.L. , No.119).

18 Act of November 19, 1959 (P.L.1548, No.554), entitled "An act  
19 to provide temporary supplemental retirement benefits for  
20 certain annuitants of the Public School Employes' Retirement  
21 System, creating a special fund in the custody of the State  
22 Treasurer, imposing duties on the Public School Employes'  
23 Retirement Board, and making an appropriation."

24 (b) All other acts or parts of acts inconsistent with this  
25 act are hereby repealed to the extent of such inconsistency.

26 Section 3. Saving Clause.--In order to assure an orderly  
27 transition, the following provisions of repealed law shall be  
28 saved and applicable as specified:

29 (1) The provisions relating to the calculation of annuities  
30 of annuitants who return to school service and subsequently

1 retire shall not apply to former annuitants who are active  
2 members of the system on the effective date of this act.

3 (2) The amount due for the purchase of any credit for  
4 service creditable under the provisions of the act of June 1,  
5 1959 (P.L.350, No.77), known as the "Public School Employees'  
6 Retirement Code of 1959," shall not include interest if the  
7 member makes a lump sum payment of the full amount due or  
8 commences payments through salary deductions for such service  
9 prior to January 1, 1975. Any member who does not make a lump  
10 sum payment of the full amount due or commence payments through  
11 salary deductions prior to January 1, 1975 shall be required to  
12 purchase such credit in accordance with the provisions of this  
13 act.

14 (3) The rights of members of Class T-B as provided in  
15 section 301(2) (c) and (d) of the act of June 1, 1959 (P.L.350,  
16 No.77), known as the "Public School Employees' Retirement Code of  
17 1959," shall continue.

18 (4) The provisions relating to former teachers as provided  
19 in sections 303(3) and 407(1) of the act of June 1, 1959  
20 (P.L.350, No.77), known as the "Public School Employees'  
21 Retirement Code of 1959," shall continue.

22 Section 4. Effective Date.--This act shall take effect  
23 immediately except that:

24 (1) As applicable to members terminating school service on  
25 or after March 1, 1974, the provisions relating to the purchase  
26 of credit for previous school or creditable nonschool service  
27 and the calculation of benefits shall be effective March 1,  
28 1974.

29 (2) The provisions relating to the crediting of statutory  
30 interest to the accounts of members on leave without pay shall

1 become effective on the first day of January, 1975.

2 (3) The provisions relating to the basic contribution rate  
3 of members and the provisions relating to the payment of the  
4 employer contributions shall become effective on the first day  
5 of January, 1975.

6 (4) The provisions relating to membership of part-time  
7 employees shall become effective with the beginning of the  
8 school year 1974-1975.

CROSS-REFERENCE TABLE 1

PUBLIC SCHOOL EMPLOYEES' RETIREMENT LAW \* AND  
PROPOSED PUBLIC SCHOOL EMPLOYEES' RETIREMENT CODE \*\*

Current Law	Proposed Code	Current Law	Proposed Code
<u>Article I</u>		<u>Article I (cont.)</u>	
§101	§8101	§102(28)	Deleted
§102(1)	§8102 - "System."	(29)	§8102 - "Vestee."
(2)	§8102 - "Fund."	(30)	§8102 - "Member."
(3)	Deleted	(31)	Deleted
(4)	§8102 - "Board."	(32)	Deleted
(5)	§8102 - "State Employees' Retirement System."	(33)	Deleted
(6)	§8102 - "Public school."	<u>Article II</u>	
(7)	§8102 - "School employee."	§201(1)(a)	Deleted
(8)	§8102 - "Employer."	(b), (c)	§8301(a)
(9)	§8102 - "Active member."	(d)	Deleted
(10)	§8102 - "Annuitant."	(e)	§8301(a)
(11)	§8102 - "Beneficiary."	(f)	§8301(a)
(12)	§8102 - "School year."	(2)	§8301(b), (c)
(13)	§8102 - "School service."	§202(1)(a),(b)	§8305(b)
(14)	Deleted	(c)	§8305(a)
(15)	Deleted	(2)	Deleted
(15.1)	§8102 - "Multiple service."	§203(1)	§8102 - "Joint coverage member."
(16)	§8102 - "Credited service."	(2), (3)	§8102 - "Full coverage member."
(17)	Deleted	§204	Deleted
(18)	Deleted	§205(1)	§8303(a)
(19)	§8102 - "Superannuation or normal retirement age."	(2),(3)	§8102 - "Creditable nonschool service."; §8304(a)
(20)	§8102 - "Compensation."	(4), (5)	§8302(b)
(21)	§8102 - "Accumulated deduct- ions."	(6)	Deleted
(22)	§8102 - "Statutory interest."	(7)	§8303(b)
(23)	§8102 - "Final average salary."	§206(1), (2)	§8102 - "Intervening military service."; §8304(b)(1)
(24)	Deleted		
(25)	§8102 - "Member's annuity."		
(26)	Deleted		
(27)	§8102 - "Actuarially equiv- alent."		

\* Act of June 1, 1959 (P.L. 350, No. 77), as amended.

\*\* Prepared for inclusion in Title 24, Part IV, of the Consolidated Pennsylvania Statutes, act of November 25, 1970 (P.L. 707, No. 230). In the new consolidated law, the Legislative Reference Bureau has changed the spelling of employee from old law--in which the word is concluded with one e.

Table 1 (Cont. 2)

Current Law	Proposed Code	Current Law	Proposed Code
<b>Article II (cont.)</b>		<b>Article III (cont.)</b>	
§206(3)	§8102 - "Military service."	§302(2.2), (2.3)	§8323(b)
(4), (5), (6)	§8304(b)(2)	(3)	§8324(c)
§207(1)	§8304(b)(3), (b)(4)	(4), (4.1)	§8324(b)
(2)	§8304(c); §8325	(5)(a)	§8324(d)
§207.1	§8102 - "Previous school service."; §8303(c)	(b)	Deleted
§207.2	§8102 - "Previous school service."; §8303(c)	(5.1), (5.2)	§8323(a)
§208	§8102 - "Approved leave of absence."; §8302(b)	(6)	§8323(c)
§209	§8102 - "Approved leave of absence."; §8302(b)	(7), (8)	§8323(a)
§210	§8302(c); §8303	(9)	§8505(i); §8508(a)
<b>Article III</b>		§303(1)	§8326(a); §8328(a), (b), (c)
§301(T)(a), (b)	§8102 - "Salary deductions."; "Regular member contributions."; and "Class of service multiplier."; §8321	(3)	Deleted
(1)(c)	Deleted	(4)	§8326(b); §8328(d)
(1.1)	§8102 - "Basic contribution rate."; §8321	§304(1)	§8327(a)
(2)(a)	Deleted	(2)	§8327(b)
(b)	Deleted	(3)	§8327(a)
(b.1)	§8323(a)	(4)	Deleted
(c)	Deleted	§305	§8329
(d)	Deleted	§306	Deleted
(e)	Deleted	§307	§8330
(e.1)	§8323(b)	<b>Article IV</b>	
(f)	Deleted	§401(T)	§8307(a); §8342(a)
(f.1)	§8321	(1.1)	§8102 - "Concurrent service."; §8307(a); §8342(a)
(g)	§8323(a)	(2)	Deleted
(3)	§8324(c)	(2.1)	§8325; §8342(b)
(4)	§8102 - "Joint coverage member contributions."; §8322	(3)	§8343(a)
§302(1)	§8323(a)	(4)	§8307(b); §8342(a)
(2)	Deleted	§402(1)	§8308; §8310; §8341
(2.1)	§8323(a)	(2)	§8307(c); §8342(a)
		(2.1)	§8342(a)
		(3)	§8343(a)
		(4)	Deleted
		§403(1)	§8343(a)
		(2)	§8343(b)
		(3)	§8505(i); §8507(f); §8508(a)
		§404(1)	§8345(a); §8349(b); §8507(e)
		(2)	§8345(b)
		(3)	§8507(j)



Table 1 (Cont.3)

Current Law	Proposed Code	Current Law	Proposed Code
<b>Article IV (cont.)</b>		<b>Article V (cont.)</b>	
§405(1)	§8307(c); §8344(a)	§503(5)	§8505(a)
(2)	Deleted	(6)	§8505(c)
(2.1)	§8344(a)	(7)	§8505(c); §8508(c)
(3)	§8347(c)	(8)	§8341
(4)	§8344(b), (c); §8508(b)	(9)	Deleted
(5)	§8346(a)	(9.1)	§8505(b)
§405.1(1)	§8346(b)	(9.2)	§8504(c)
(2)	Deleted	(9.3)	§8504(c)
§406(1)	Deleted	(9.4)	§8325; §8505(i)
(2), (2.1)	§8309; §8347(a)	(10)	§8503(b)
(3)	§8309; §8347(b)	(10.1)	§8504(b)
(4)	§8347(d)	(10.2)	Deleted
§407(1)	Deleted	(10.3)	Deleted
(2)	Deleted	(11)	§8502(e)
(3)	Deleted	(12)	§8502(f)
(4)	Deleted	(14)	§8505(h)
(5)	§8342(a); §8344(a)	(15)	Deleted
(6)	§8348	§504(1)	§8506(f)
(7)	§8348	(2)	§8506(d), (e)
§408	§8349(a)	(3)	§8506(a)
Article V		(4)	§8506(b)
§501(1)	§8501(a), (b)	(5)	§8506(c)
(2)	§8501(c)	(6)	§8502(m)
(3)	§8501(d); §8502(c)	(7)	§8506(b)
(4)	§8502(b)	(8)	Deleted
(5)	§8502(a)	(9)	§8506(g)
(6)	§8501(e)	(10)	§8506(i)
§502(1)	§8521(a)	(11)	Deleted
(2)	§8521(b)	§505(1)	Deleted
(3)	§8521(c)	(2)	§8507(d)
(4)	§8521(d)	(3)	§8507(d)
(5)	§8521(g)	(3.1)	§8507(d)
(6)	§8521(e)	(3.2)	§8507(d)
(7)	§8521(h), (i), (j)	(4)	§8507(f), (i)
§503(1)	§8502(h)	(4.1)	§8507(f)
(2)	§8502(i)	(4.2)	§8508(a)
(3)	§8502(j), (k)	(5)	§8507(j)
(3.1)	Deleted	(6)	§8507(k)
(4)	§8502(n)	(7)	§8508(c)
		(8)	§8507(c)
		(9)	§8507(d)
		(10)	§8505(h)
		§506(1)	§8508(c)
		(2)	Deleted

Table 1 (Cont. 4)

Current Law	Proposed Code	Current Law	Proposed Code
<u>Article VI</u>		<u>Article VIII</u>	
§601	§8522	§801	§8531
§602	§8522	§802	§8532
§603	§8524	§803	§8533
§604	§8525	§804	§8534
§606	§8523	§805	§8103
§607	§8525	§806	§8104
§608	§8524	§807	Deleted
§609	§8525	§808	Deleted
<u>Article VII</u>	Deleted		

CROSS-REFERENCE TABLE 2

PROPOSED PUBLIC SCHOOL EMPLOYEES' RETIREMENT CODE  
AND PUBLIC SCHOOL EMPLOYEES' RETIREMENT LAW\*

Proposed Code	Current Law	Proposed Code	Current Law
<u>Chapter 81</u>			
§8101	§ 101	§8102	"Public school." § 102(6)
§8102	"Accumulated deductions." § 102(21)	"Regular member contributions." § 301(1)	
	"Active member." § 102(9)	"Salaried employee." New	
	"Actuarially equivalent." § 102(27)	"Salary deductions." § 301(1)	
	"Actuary." New	"School employee." § 102(7)	
	"Annuitant." § 102(10)	"School service." § 102(13)	
	"Approved leave of absence." § 208;§209	"School year." § 102(12)	
	"Basic contribution rate." § 301(1.1)	"Severance payments." New	
	"Beneficiary." § 102(11)	"Standard single life annuity." New	
	"Board." § 102(4)	"State Employees' Retirement System." § 102(5)	
	"Class of service multiplier." § 301(1)	"State service." New	
	"Compensation." § 102(20)	"Statutory interest." § 102(22)	
	"Concurrent service." § 401(1.1)	"Superannuation annuitant." New	
	"Creditable nonschool service." § 205(2),(3)	"Superannuation or normal retirement age." § 102(19)	
	"Credited service." § 102(16)	"Survivor annuitant." New	
	"Date of termination of service." New	"System." § 102(1)	
	"Effective date of retirement." New	"Valuation interest." New	
	"Eligibility points." New	"Vestee." § 102(29)	
	"Employer." § 102(8)	§8103	§805
	"Final average salary." § 102(23)	§8104	§806
	"Full coverage member." § 203(2),(3)	<u>Chapter 83 - Subchapter A</u>	
	"Fund." § 102(2)	§8301(a)(1)	§201(1)(b),(c),(e)
	"Governmental entity." New	(2)	New
	"Inactive member." New	(3)	§201(1)(f)
	"Intervening military service." § 206(1),(2)	(b)	§201(2)
	"Joint coverage member." § 203(1)	(c)	§201(2)
	"Joint coverage member contributions." § 301(4)	§8302(a)	New
	"Member." § 102(30)	(b)	§205(4),(5);
	"Member's annuity." § 102(25)	(c)	§208;§209
	"Military service." § 206(3)		§210
	"Multiple service." § 102(15.1)		
	"Previous school service." § 207.1;§207.2		

\*Act of June 1, 1959 (P.L. 350, No. 77), as amended.

Table 2 (Cont. 2)

Proposed Code	Current Law	Proposed Code	Current Law
§8303(a)	§205(1)	§8327(a)	§304(1), (3)
(b)	§205(7)	(b)	§304(2)
(c)	§207.1; §207.2; §210		
§8304(a)	§205(2), (3)	§8328(a)	§303(1)
(b)(1)	§206(1), (2)	(b)	§303(1)
(2)	§206(4), (5), (6)	(c)	§303(1)
(3), (4)	§207(1)	(d)	§303(4)
(5)	New		
(c)	§207(2)	§8329	§305
§8305(a)	§202(1)(c)	§8330	§307
(b)	§202(1)(a), (b)	Chapter 83 - Subchapter C	
		§8341	§402(1); §503(8)
§8306	New	§8342(a)	§401(1), (1.1), (4); §402(2), (2.1); §407(5)
§8307(a)	§401(1), (1.1)	(b)	§401(2.1)
(b)	§401(4)		
(c)	§402(2); §405(1)	§8343(a)	§401(3); §402(3); §403(1)
§8308	§402(1)	(b)	§403(2)
§8309	§406(2), (2.1), (3)	§8344(a)	§405(1), (2.1); §407(5)
§8310	§402(1)	(b)	§405(4)
		(c)	§405(4)
		(d)	New
		§8345(a)	§404(1)
Chapter 83 - Subchapter B		(1)	§404(1), Option 1
§8321	§301(1), (1.1), (2)(f.1)	(2)	§404(1), Option 2
§8322	§301(4)	(3)	§404(1), Option 3
		(4)	§404(1), Option 4
§8323(a)	§301(2)(b.1), (g); §302(1), (2.1), (5.1), (5.2), (7), (8)	(b)	§404(2)
(b)	§301(2)(e.1); §302(2.2), (2.3)	§8346(a)	§405(5)
(c)	§302(6)	(b)	§405.1(1)
(d)	New	(c)	New
§8324(a)	New	§8347(a)	§406(2), (2.1)
(b)	§302(4), (4.1)	(b)	§406(3)
(c)	§301(3); §302(3)	(c)	§405(3)
(d)	§302(5)(a)	(d)	§406(4)
§8325	§207(2); §401(2.1); §503(9.4)	§8348	§407(6), (7)
§8326(a)	§303(1)	§8349(a)	§408
(b)	§303(4)	(b)	§404(1), Option 1
		(c)	New

Table 2 (Cont. 3)

Proposed Code	Current Law	Proposed Code	Current Law
Chapter 85 - Subchapter A			
§8501(a)	§501(1)	§8506(g)	§504(9)
(b)	§501(1)	(h)	New
(c)	§501(2)	(i)	§504(10)
(d)	§501(3)	(j)	New
(e)	§501(6)		
§8502(a)	§501(5)	§8507(a)	New
(b)	§501(4)	(b)	New
(c)	§501(3)	(c)	§505(8)
(d)	New	(d)	§505(2), (3), (3.1), (3.2), (9)
(e)	§503(11)	(e)	§404(1), Option 1
(f)	§503(12)	(f)	§403(3); §505(4), (4.1)
(g)	New	(g)	New
(h)	§503(1)	(h)	New
(i)	§503(2)	(i)	§505(4)
(j)	§503(3)	(j)	§404(3); §505(5)
(k)	§503(3)	(k)	§505(6)
(l)	New		
(m)	§504(6)	§8508(a)	§302(9); §403(3); §505(4.2)
(n)	§503(4)	(b)	§405(4)
		(c)	§503(7); §505(7); §506(1)
§8503(a)	New	Chapter 85 - Subchapter B	
(b)	§503(10)	§8521(a)	§502(1)
(c)	New	(b)	§502(2)
(d)	New	(c)	§502(3)
		(d)	§502(4)
§8504(a)	New	(e)	§502(6)
(b)	§503(10.1)	(f)	New
(c)	§503(9.2), (9.3)	(g)	§502(5)
		(h)	§502(7)
§8505(a)	§503(5)	(i)	§502(7)
(b)	§503(9.1)	(j)	§502(7)
(c)	§503(6), (7)	(k)	New
(d)	New		
(e)	New	§8522	§601; §602
(f)	New		
(g)	New	§8523	§606
(h)	§503(14); §505(10)		
(i)	§302(9); §403(3); §503(9.4)	§8524	§603; §608
		§8525	§604; §607; §609
§8506(a)	§504(3)	Chapter 85 - Subchapter C	
(b)	§504(4), (7)	§8531	§801
(c)	§504 (5)	§8532	§802
(d)	§504(2)		
(e)	§504(2)	§8533	§803
(f)	§504(1)	§8534	§804