

# PUBLIC EMPLOYEE RETIREMENT COMMISSION



2012 ANNUAL REPORT

**Commonwealth of Pennsylvania**



2012  
Annual Report  
of the  
Public Employee Retirement Commission



Public Employee Retirement Commission  
Commonwealth of Pennsylvania  
February 2013

# PUBLIC EMPLOYEE RETIREMENT COMMISSION

---

## **Gubernatorial Appointees**

Mr. Anthony W. Salomone  
Chairman  
*Retired Executive Director of the  
Public Employee Retirement Commission  
Commonwealth of Pennsylvania*

Mr. A. Carville Foster, Jr.  
Vice Chairman  
*Retired Legislator*

Mr. Christ J. Zervanos  
*Retired Director of Labor Relations  
Office of Administration  
Commonwealth of Pennsylvania*

Mr. David F. Werner, CPA  
*Retired Principal  
State and Local Tax Services  
ParenteBeard LLC*

Mr. John J. Egan, Jr.  
*President, J. Egan Consulting, LLC*

## **Legislative Appointees**

Senator Patrick M. Browne  
*District 16  
Lehigh, Monroe and  
Northampton Counties*

Senator Daylin B. Leach  
*District 17  
Montgomery County*

Representative Mike Tobash  
*District 125  
Berks County, Schuylkill County*

Representative R. Ted Harhai  
*District 58  
Fayette and Westmoreland Counties*

---

Executive Director: James L. McAneny

Commission Office: 510 Finance Building  
613 North Street  
P. O. Box 1429  
Harrisburg, PA 17105-1429

Telephone: (717) 783-6100

FAX: (717) 787-9531

E-mail: [perc@pa.gov](mailto:perc@pa.gov)

Web Site: [www.perc.state.pa.us](http://www.perc.state.pa.us)



COMMONWEALTH OF PENNSYLVANIA  
PUBLIC EMPLOYEE RETIREMENT COMMISSION  
HARRISBURG  
17120

*February 2013*

To: *Governor Corbett  
and Members of the Pennsylvania General Assembly*

*As required by the Public Employee Retirement Commission Act, this annual public report is issued to summarize the Commission's findings, recommendations, and activities for the year 2012.*

*During 2012, the Commission authorized the attachment of two actuarial notes, one to an amendment and the other to a House Bill, at the request of the various committees of the General Assembly. This report contains a synopsis of each of these notes and contains a summary of the Commission's review of the State Employees' Retirement System. This report also describes research conducted during 2012 and summarizes the Commission's administrative activities under the Municipal Pension Plan Funding Standard and Recovery Act and Act 293 of 1972.*

*On behalf of the Public Employee Retirement Commission and its staff, I am pleased to submit the thirtieth annual public report of the Commission. The Commission hereby expresses its thanks and appreciation to all individuals, organizations, and agencies whose assistance and cooperation contributed to the work of the Commission during 2012.*

*Sincerely,*

A handwritten signature in cursive script, appearing to read "Anthony W. Salomone".

*Anthony W. Salomone  
Chairman*



## *Introduction*

*The Public Employee Retirement Commission was created in 1981 by the Public Employee Retirement Commission Act. The Commission is composed of nine members, five of whom are appointed by the Governor with the advice and consent of the Senate and four of whom are appointed by the leaders of the General Assembly.*

*Under the Public Employee Retirement Commission Act, the Commission has two main responsibilities. One is to issue the required actuarial notes for proposed legislation affecting public employee retirement systems. The other is to study, on a continuing basis, public employee retirement system policy and the interrelationships, actuarial soundness and costs of the retirement systems.*

*Under the Municipal Pension Plan Funding Standard and Recovery Act, adopted in 1984, the Commission has two additional responsibilities. The first is to administer the actuarial valuation reporting program for municipal retirement systems, which entails monitoring and enforcing compliance with the statutorily mandated actuarial funding standard. The second is to certify annually municipal pension cost data used in allocating General Municipal Pension System State Aid, an amount that exceeded \$232 million in 2012.*

*One of the other responsibilities of the Commission under the Public Employee Retirement Commission Act is to issue an annual report to the Governor and the General Assembly. The first three reports were issued on a fiscal year basis. This is the twenty-seventh report issued on a calendar year basis, and the second to be issued solely in electronic format.*

*The Commission thanks those who actively participated in its meetings, the members of its advisory committees and the organizations they represent, and all others who have offered advice and support to the Commission during 2012.*



# TABLE OF CONTENTS

---

	Page
<b>LETTER OF TRANSMITTAL</b> . . . . .	i
<b>INTRODUCTION</b> . . . . .	iii
<b>TABLE OF CONTENTS</b> . . . . .	v
<b>DUTIES AND RESPONSIBILITIES OF THE COMMISSION</b> . . . . .	1
<b>Part I. Preparation of Actuarial Notes and Advisory Notes</b> . . . . .	3
<b>A. Statutory Provisions</b> . . . . .	3
<b>B. Summary of 2012 Activity</b> . . . . .	4
<b>C. Synopses of Actuarial Notes</b> . . . . .	4
• Amendment Number 11448 to House Bill Number 11, Printer’s Number 2889, State Employees’ Retirement System . . . . .	5
• House Bill Number 2591, Printer’s Number 3980, State Employees’ Retirement System . . . . .	10
<b>Part II. Public Employee Retirement System Administration</b> . . . . .	17
<b>A. Administration of the Municipal Pension Plan             Funding Standard and Recovery Act (Act 205 of 1984)</b> . . . . .	17
<b>B. Administration of Act 293 of 1972</b> . . . . .	18
<b>Part III. Public Employee Retirement System         Policy Development and Coordination</b> . . . . .	19
<b>A. Statutory Provisions</b> . . . . .	19
<b>B. Research</b> . . . . .	19
<b>C. Statewide Public Employee Retirement System Reviews</b> . . . . .	20
• State Employees’ Retirement System Actuarial Valuation Review . . . . .	21

**TABLE OF CONTENTS (Cont'd)**

---

	Page
<b>APPENDICES</b> .....	27
<b>A. Advisory Committees and Consulting Actuaries</b> .....	29
<b>B. Legislative Procedures</b> .....	31
<b>C. By-Laws</b> .....	33
<b>D. Comprehensive List of 2011-2012 Sessions Legislation         Regarding Public Employee Retirement Issues</b> .....	37
<b>E. Concise Index to Actuarial Notes</b> .....	51

**DUTIES AND RESPONSIBILITIES**  
**OF THE COMMISSION**



# PART I

## PREPARATION OF ACTUARIAL NOTES AND ADVISORY NOTES

---

### A. STATUTORY PROVISIONS.

The Public Employee Retirement Commission Act provides, in pertinent part:

*Section 6. Powers and duties.*

*(a) In general - The commission shall have the following powers and duties:*

*(13) To issue actuarial notes pursuant to section 7.*

*Section 7. Actuarial notes.*

*(a) Note required for bills. - Except as otherwise provided in subsection (f)(1), no bill proposing any change relative to a public employee pension or retirement plan shall be given second consideration in either House of the General Assembly, until the commission has attached an actuarial note prepared by an enrolled pension actuary which shall include a reliable estimate of the cost and actuarial effect of the proposed change in any such pension or retirement system.*

*(b) Note required for amendments. - Except as otherwise provided in subsection (f)(2), no amendment to any bill concerning any public employee pension or retirement plan shall be considered by either House of the General Assembly until an actuarial note prepared by an enrolled pension actuary has been attached.*

*(c) Preparation of note. - The commission shall select an enrolled pension actuary to prepare an actuarial note which shall include a reliable estimate of the financial and actuarial effect of the proposed change in any such pension or retirement system.*

*(d) Contents of a note. - The actuarial note shall be factual, and shall, if possible, provide a reliable estimate of both the immediate cost and effect of the bill and, if determinable or reasonably foreseeable, the long-range actuarial cost and effect of the measure.*

*(e) Notes for proposed constitutional amendments. - The commission shall issue an actuarial note, prepared by an enrolled pension actuary, for any joint resolution proposing an amendment to the Constitution of Pennsylvania which initially passes either House of the General Assembly. If said joint resolution is subsequently amended and passes either House of the General Assembly, a new actuarial note shall be prepared.*

## **A. STATUTORY PROVISIONS. (Cont'd)**

The requirement that an actuarial note be attached to public employee pension and retirement bills prior to their second consideration in either house of the General Assembly was a modification of the legislative process. In response to this statutory mandate to prepare the required actuarial notes, the Commission and the leaders of the General Assembly developed and implemented legislative procedures. The standardization of these procedures makes it easier to expeditiously and efficiently provide the required actuarial information to the General Assembly. The procedures clarify the manner of attaching actuarial notes to bills, including floor amended bills and bills in the possession of the House and Senate Appropriations Committees upon the request of the chairman. The procedures also clarify the availability of the Commission's staff to provide technical assistance to members of the General Assembly on matters relating to public employee retirement system design, financing, and administration. The legislative procedures also provide for the preparation of advisory notes for committee chairmen. The Commission uses an advisory note, as distinct from an actuarial note, for the analysis of proposed legislation when the bill is being considered by a committee of the General Assembly. The advisory note is prepared primarily by the Commission's staff with review or additional analysis by one of the Commission's consulting actuaries as deemed necessary.

The legislative procedures are included in this report as Appendix B.

## **B. SUMMARY OF 2012 ACTIVITY.**

During 2012, the Commission authorized the attachment of two actuarial notes, one to an amendment and the other to a House Bill, at the request of the General Assembly.

In the fall of 2012, the Commission initiated a study of the current funding crisis, its causes, and the potential reforms available under the strictures of judicial rulings. The Commission further conducted a series of four public hearings with the objective of gathering testimony from interested parties in order to identify the nature of the funding problems, and to develop potential policy options for Commonwealth policymakers to consider as they address the significant retirement funding challenges facing the Commonwealth's public employee retirement systems. The hearings were conducted on September 5, 2012, September 19, 2012, October 3, 2012, and November 15, 2012. Written testimonies from the hearings can be accessed via the following link:

[http://www.portal.state.pa.us/portal/server.pt/community/perc\\_home/2513/testimony/1231474](http://www.portal.state.pa.us/portal/server.pt/community/perc_home/2513/testimony/1231474)

As a result of that study, the Commission released a report in January of 2013 entitled *Special Report: Funding and Reforming Public Employee Retirement Systems*, which can be accessed via the following link:

[http://www.portal.state.pa.us/portal/server.pt/community/perc\\_home/2513](http://www.portal.state.pa.us/portal/server.pt/community/perc_home/2513)

## **C. SYNOPSES OF ACTUARIAL NOTES.**

A synopsis of each actuarial note containing a summary of each bill, its actuarial costs, and the disposition follows. These synopses are arranged by House Bill in numerical order. A subject index to the actuarial notes is provided in Appendix E.

---

---

---

**Bill ID:** Amendment Number 11448 to  
House Bill Number 11, Printer's Number 2889

**System:** State Employees' Retirement System

**Subject:** Early Retirement Eligibility for Liquor Control Board Employees

---

SYNOPSIS

---

Amendment Number 11448 to House Bill Number 11, Printer's Number 2889, would amend the act of April 12, 1951 (P. L. 90, No. 21), known as the Pennsylvania Liquor Code (Act 21 of 1951) to provide for the closure of the State-operated Pennsylvania Liquor Stores within a maximum period of 60 months following conclusion of the "auction process" described in the amendment, and for the transition to private wholesale and retail distribution of liquor. The amendment would permit any eligible "displaced employee" of the Liquor Control Board who is a member of the State Employees' Retirement System at the time of displacement to receive a maximum single-life annuity without any reduction on account of a retirement age that is under superannuation age, if the employee meets all of the following criteria: 1) has credit for at least 30 eligibility points or is at least 55 years of age with at least ten eligibility points; 2) terminates State service; and 3) files an application for an annuity with an effective date of retirement no later than six months from the date of the member's displacement from employment.

---

DISCUSSION

---

The State Employees' Retirement Code (Code) is a governmental, cost-sharing, multiple-employer retirement plan. The designated purpose of the State Employees' Retirement System (SERS) is to provide retirement allowances and other benefits, including disability and death benefits to state employees. As of December 31, 2011, there were approximately 107 Commonwealth and other employers participating in SERS. Membership in SERS is mandatory for most state employees. Certain other employees are not required but are given the option to participate. As of December 31, 2011, there were 107,239 active members and 115,342 annuitant members of SERS.

Under the Code, superannuation or normal retirement age for most members is age 60 with three years of service or any age with 35 years of service, while age 50 is the normal retirement age for most members of the General Assembly and certain public safety employees. For most members of SERS who first became members beginning on or after January 1, 2011, the superannuation requirement is age 65 with a minimum of three years of service credit, or any combination of age and service that totals 92 with at least 35 years of credited service, and age 55 for members of the General Assembly and certain public safety employees. Temporary provisions of the Code also have permitted members with 30 or more years of service credit to retire at any age and receive full retirement benefits with no benefit reduction for retiring prior to the superannuation or normal retirement age. The most recent special early retirement provision expired June 30, 1999.

### **Liquor Control Board**

The Pennsylvania Liquor Control Board (PLCB) was created and organized by various acts of the General Assembly upon the repeal of National Prohibition in 1933. The Board was officially organized on December 1, 1933, and the laws related to alcoholic beverage control were later consolidated to form the Pennsylvania Liquor Code (Act 21 of 1951; as reenacted by Act 14 of 1987). As outlined in the Liquor Code, the Board is composed of three members. Each is appointed by the Governor and confirmed by a two-thirds vote of all the members of the Senate.

Appointees serve staggered four-year terms ending on the third Tuesday in May. The PLCB regulates the manufacture, possession, sale, consumption, importation, use, storage, transportation, and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth. Pennsylvania is the largest of the 18 states that control at least some portion of the liquor sales system and, as such, is one of the largest purchasers of wine and spirits in the United States. The PLCB operates approximately 600 retail outlets throughout the Commonwealth and has over 4,800 full and part-time employees. Warehouse distribution centers in Philadelphia, Pittsburgh, and Scranton supply the retail outlets. In addition to retail services, the PLCB licenses more than 17,000 restaurants, hotels, and clubs serving alcoholic beverages.

Amendment Number 11448 to House Bill Number 11, Printer's Number 2889, would provide for the closure of the State-operated Pennsylvania Liquor Stores within a maximum of 60 months following the conclusion of the auction process and for the transition to private wholesale and retail distribution of liquor. One provision of the amendment includes a special early retirement benefit for full-time employees who are displaced from state employment with the PLCB due to the transition. A "displaced employee," as defined in the amendment, is any full-time employee who is a member of SERS and whose employment is terminated as a sole and direct result of the cessation of wholesale and retail liquor operations. Under Section 334.1-A of the amendment, an eligible displaced employee would be permitted to retire with a full, unreduced retirement benefit from SERS. Employees who voluntarily terminate employment or otherwise terminate service for reasons other than displacement would be ineligible for the early retirement benefit.

In addition to the early retirement option for displaced employees of the PLCB, the amendment provides other options for reemployment and retraining of displaced employees, including: 1) preference in public employment hiring; 2) educational grant eligibility; and 3) reemployment tax credit. Under Section 332-A of the amendment, displaced employees of the PLCB that choose to seek other public employment opportunities within the State shall be given preferential treatment in the hiring process. For a displaced employee taking a civil service examination for a civil service position, an additional three points will be added to the final exam score if the employee meets all the qualification requirements. For a displaced employee applying for a non-civil service position, qualified applicants shall be given a preference in State positions in offices under the Governor's jurisdiction. Under Section 333-A of the amendment, a displaced employee shall be eligible for a two-year education grant for attending classes at an institute of higher learning within one year of the date of displacement in the following amount: 1) \$1,000 per year for full-time attendance; or 2) \$500 per year for part-time attendance. Under Section 334-A of the amendment, a displaced employee is eligible for a two-year reemployment tax credit voucher in the amount of \$1,000 per taxable year. The voucher may be transferred to the employer of the displaced employee upon reemployment in the Commonwealth, using the voucher as a credit against the State tax liability of the employer. A displaced employee who files for early retirement under Section 334.1-A shall not be eligible for the benefits under section 332-A, 333-A or 334-A of the amendment.

### **Early Retirement Incentive Programs**

In both the public and private sectors, early retirement incentive programs (ERIPs) have frequently been used as tools for achieving long-term work force reductions for strategic reasons or short-term payroll reductions for budgetary reasons. Despite their relative popularity, the savings potential directly attributable to an ERIP occurs only during the period that begins the day the employee retires and ends the day the employee would have retired had the incentive not occurred. In most instances, the total savings potential resulting from an ERIP occurs within no more than three to five years after the ERIP becomes effective. Any savings that occur in the longer term because of a permanent reduction in the work force could instead be achieved through a policy of attrition without the added pension costs of the ERIP.

Because the direct savings attributable to an ERIP occur rapidly and the pension costs are recognized slowly, budgetary savings frequently occur for a short period of time immediately after implementation of an ERIP. However, those short-term savings may be less than the pension costs incurred, particularly when amortization costs are considered. The net financial impact of an ERIP is largely determined by the number of vacated positions that are filled and the salary differential between the retirees and the replacement employees. These two factors, the replacement rate and the salary differential, must be effectively controlled for an ERIP to have the potential to result in net long-term cost savings.

Amendment Number 11448 to House Bill Number 11, Printer's Number 2889, however, differs from the typical early retirement incentives enacted in the past. Because the main purpose of the amendment is to privatize the wholesale and retail duties of the PLCB, there would be no replacement employees to fill the vacated positions of the retirees, resulting in a permanent cost savings.

---

SUMMARY OF ACTUARIAL COST IMPACT

---

The Commission's consulting actuary has reviewed the amendment and estimated the actuarial cost impact on SERS. The estimate is based on census data provided by SERS for 4,001 full-time PLCB employees who were active members of SERS as of December 31, 2011. In performing this analysis, the Commission's consulting actuary relied upon the census data, the SERS December 31, 2010, actuarial valuation, and other information, written and oral, provided by both SERS and House staff. The plan provisions and actuarial assumptions were based on those reflected and used in the December 31, 2011, SERS actuarial valuation, including the investment return assumption of 7.5%. As of the date of this analysis, the SERS most recent annual actuarial valuation report for the period ending December 31, 2011, had not been released. Based on information provided to the Commission by SERS staff, it is the Commission's understanding that the only change in plan provisions and actuarial assumptions and methods from the December 31, 2010, valuation is the lowering of the investment return assumption from 8.0% to 7.5%, and this change is reflected in the cost estimate.

The Commission's consulting actuary also applied certain assumptions based upon the October 3, 2011, *Liquor Privatization Analysis Final Report*, prepared by The PFM Group for the Governor's Office of the Budget, which was provided to the Commission by House staff. The PFM report contains estimates of the transition process assuming the enabling legislation is enacted in June 2012. The report estimates that the PLCB workforce would be reduced to approximately 290 full-time equivalent employees upon conclusion of the privatization process. Although the amendment allows for a 60-month period for the workforce reduction to occur, this time frame is a maximum and it has been estimated that the workforce reduction will occur more rapidly. The PFM report estimates that the auction process would be completed by June 2013 and that retail and supply chain staff would depart by December 2014.

Table I shows the change in the unfunded actuarial accrued liability, the change in normal cost, and the first year amortization payment that would result from enactment of the amendment. The estimated impact of the privatization of the PLCB stores and the early retirement benefit is shown separately and in total. The amortization payment for the change in the unfunded actuarial accrued liability reflects level payments over a closed 10-year period as required by the SERS Code. Although there would be an increase in unfunded liability of approximately \$21.9 million, the amendment would result in a net actuarial gain of approximately \$57.1 million. This actuarial gain occurs because the affected employees would be terminating service much sooner than anticipated and would, therefore, be entitled to lesser benefits than would have been the case if those employees had remained in service. The actual costs of this amendment will depend on the actual

workforce reduction pattern of the PLCB and actual enhanced retirement benefits provided, which could be higher or lower than estimated.

**Table I**  
**Actuarial Cost Impact**

	<b>Privatization of PLCB Stores</b>	<b>Early Retirement Benefit</b>	<b>Total</b>
Change in Unfunded Actuarial Accrued Liability (UAL)	\$(79,000,000)	\$21,900,000	\$(57,100,000)
% of Affected Payroll	-52.6%	14.6%	-38.0%
Change in First Year Employer Contribution			
Normal Cost	\$ 0	\$ 0	\$ 0
UAL Amortization	<u>\$(11,500,000)</u>	<u>\$ 3,200,000</u>	<u>\$(8,300,000)</u>
Total	\$(11,500,000)	\$ 3,200,000	\$(8,300,000)
% of Affected Payroll	-7.7%	2.1%	-5.6%

As shown in Table I, because the privatization of the PLCB stores would not begin until the conclusion of the auction process, there is no immediate impact on the normal cost. Based on the SERS employer normal cost rate of 5.10% as of December 31, 2011, and the 2011 PLCB payroll, the employer contribution for normal cost would gradually decline over four years as the privatization process occurs.

**Table II**  
**Change in Employer Normal Cost Due to PLCB Privatization**

Year	Estimated Employer Normal Cost Contribution	Percentage Reduction	Cumulative Percentage Reduction
2012	\$7,700,000	-	-
2013	\$7,600,000	(1.3)%	(1.3)%
2014	\$4,100,000	(46.1)%	(46.8)%
2015	\$1,000,000	(75.6)%	(87.0)%

Additionally, the Commission's consulting actuary expects that the accrued liability contribution rate would increase due to the privatization of the PLCB stores, although the unfunded actuarial accrued liability decreases as described in Table I. This is due to lower appropriation payroll used to determine the employer contribution rate as PLCB employees terminate employment. Therefore,

---

SUMMARY OF ACTUARIAL COST IMPACT (CONT'D)

---

contributions from all other participating employers would increase as a result of the PLCB stores privatization. However, due to the application of the collared contribution rate (established under Act 120 of 2010), there may be no immediate impact on the final contribution rate required of participating SERS employers.

---

POLICY CONSIDERATIONS

---

In reviewing the bill, the Commission identified the following policy considerations.

Undetermined Ancillary Costs. Although there is an actuarial cost savings attributable to the amendment, there may be indirect costs associated with its implementation. The early retirement benefit may result in increased demand for future cost-of-living adjustments, due to the earlier retirement and longer retired lifetimes of affected employees. There may also be increased employer costs associated with longer periods of postretirement health care and earlier than normal sick and annual leave payouts.

Drafting Irregularity. The amendment amends the Liquor Code to provide for an early retirement incentive without amending the applicable retirement statute. It is unusual to provide for an early retirement benefit by amending a statute other than the applicable retirement Code.

Potential for Future Employer Costs. If the amendment is enacted, the PLCB will experience a major reduction in active SERS members following conclusion of the auction process. Because SERS has an unfunded actuarial accrued liability and certain PLCB employees would receive enhanced retirement benefits, consideration should be given to requiring an additional contribution from the PLCB in conjunction with the amendment's enactment. If additional contributions are not made, contributions for all other participating employers may increase in order to cover the PLCB's portion of the unfunded actuarial accrued liability plus the value of any enhanced retirement benefits provided to former PLCB employees. In practice, however, there may be no immediate impact on the final contribution rate required of participating SERS employers, due to the application of the collared contribution rate (established under Act 120 of 2010).

Workforce Management. If enacted, the amendment would result in the departure of roughly 3,700 employees of the Commonwealth. The General Assembly and the Governor must determine whether this reduction in force is consistent with the Commonwealth's long-term workforce management objectives.

---

COMMISSION RECOMMENDATION

---

On June 8, 2012, the Commission voted to attach the actuarial note to the amendment, recommending that the General Assembly and the Governor consider the policy issues identified in the actuarial note transmittal.

---

FINAL LEGISLATIVE STATUS

---

House Bill Number 11, Printer's Number 2889, had first consideration on December 13, 2011.

---

---

**Bill ID:** House Bill Number 2591, Printer's Number 3980

**System:** State Employees' Retirement System

**Subject:** Compliance with HEART Act, USERRA and IRC §414(u)

---

SYNOPSIS

---

House Bill Number 2591, Printer's Number 3980, would amend Titles 51 (Military Affairs) and 71 (State Employees' Retirement Code) to bring the State Employees' Retirement System (SERS) into compliance with the following Federal laws: 1) the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act); 2) the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA); and 3) Internal Revenue Code Section 414(u) [IRC §414(u)]. Additionally, the bill would require SERS to revert back to the method used to calculate the cost to purchase nonintervening military service that was in effect prior to the enactment of Act 120 of 2010.

The key provisions of the bill that would bring the SERS Code into compliance with the Federal statutes include:

- 1) Beginning on December 31, 2012, the SERS Code and Pennsylvania Military Code rules for SERS service credit for "intervening military service" and military leaves of absence would be replaced by the USERRA rules for military service leaves.
- 2) Under the HEART Act, SERS members who die on military leave will be granted vesting credit for the period of military service prior to their death for the purpose of qualifying for benefits and applying early retirement reduction factors, even though no retirement contributions are made.
- 3) Under USERRA, SERS members who return to State service but do not make the employee contributions to purchase credit for the USERRA-covered military leave will still be granted vesting credit for the period of military service for the purpose of qualifying for benefits and applying early retirement reduction factors.
- 4) IRC §414(u) requires that SERS members (and consequently employers) actually make the contributions for credit for USERRA-covered military leave within the shorter of three times the length of the leave or five years after returning to State service, unless the member dies or retires during that time. The longer payment periods and payment by actuarial debt currently allowed under the SERS Code will no longer be available, except under very specific and limited conditions.
- 5) USERRA prohibits charging interest on member contributions paid for USERRA leave.
- 6) SERS members on military leave will not be permitted to make contributions until after they return to State service. Currently under the Military Code, members must make contributions while on leave.
- 7) In general, employer payments to compensate State employees on military leave will not be included in retirement-covered compensation and no employee or employer contributions will be collected. However, in some circumstances, particularly when employees are on State military leave under §4102 of the Military Code, the payments that they receive will be included in the calculation of Final Average Salary and for other benefit calculation purposes.

- 8) Military leave that does not qualify for SERS credit under USERRA, but would otherwise be creditable in SERS under current definitions of creditable military service, intervening military service and military service leave can be purchased as nonintervening military service credit.

---

DISCUSSION

---

### **The Retirement Code and System**

The State Employees' Retirement Code (Code) is a governmental, cost-sharing, multiple-employer pension plan. The designated purpose of the State Employees' Retirement System (System) is to provide retirement allowances and other benefits, including disability and death benefits to State employees. As of December 31, 2011, there were approximately 107 Commonwealth and other employers participating in SERS.

Membership in SERS is mandatory for most State employees. Certain other employees are not required but are given the option to participate. As of December 31, 2011, there were 107,021 active members and 115,342 annuitant members of SERS.

For most members of the System, the basic benefit formula used to determine the normal retirement benefit is equivalent to the product of 2.5% multiplied by the member's years of accumulated service credit (eligibility points) multiplied by the member's final average (highest three years) salary. Since the passage of Act 9 of 2001 (which increased the accrual rate for most members from 2.0% to 2.5%), most members of SERS are Class AA members and contribute 6.25% of pay to the System. Within SERS, there are a number of additional membership classes with corresponding benefit accrual and employee contribution rates that differ from the majority of State employees.

Act 120 of 2010 implemented major pension reforms, including the establishment of new benefit tiers applicable to most new members. Effective January 1, 2011, most new members (including members of the General Assembly) are required to become members of one of two membership classes, known as "Class A-3" and "Class A-4." Most new members of SERS, other than State Police officers or members employed in a position for which a class of service other than Class A or Class AA is credited or could be elected, become members of Class A-3 beginning January 1, 2011 (or if a member of the General Assembly, beginning December 1, 2010). Class A-3 members are eligible for an annuity based upon an annual benefit accrual rate of 2% and have a corresponding employee contribution requirement of 6.25% of compensation. As an alternative to Class A-3, an employee who becomes a member of SERS on or after January 1, 2011, may elect Class A-4 membership within 45 days of becoming a member of SERS. A Class A-4 member is eligible for an annuity based upon an annual benefit accrual rate of 2.5% with a corresponding employee contribution requirement equal to 9.3% of compensation.

Under the State Employees' Retirement Code, superannuation or normal retirement age for most members is age 60 with at least three years of service or any age with 35 years of service, while age 50 is the normal retirement age for members of the General Assembly and certain public safety employees. For most members of SERS who first became members after the effective date of Act 120, the superannuation requirement is age 65 with a minimum of three years of service credit, or any combination of age and service that totals 92 with at least 35 years of credited service, and age 55 for members of the General Assembly and certain public safety employees.

### **Service Credit Purchase**

Active members of both SERS and the Public School Employees' Retirement System (PSERS) may purchase certain types of service credit for retirement purposes. The types of service that may be purchased include prior school and State service. Additionally, various types of nonschool and nonstate service may be purchased by members and credited to them for retirement purposes. Historically, service purchases of all types have been paid for, in part or in full, by active members through either payroll deductions or in lump-sum payments.

One of the most common service purchase authorizations provided by public employee retirement systems is for periods of military service which interrupt (intervening military service) or delay (nonintervening military service) the commencement of a career with the public employer. Permitting a member to receive retirement service credit for military service is of benefit to the member because the member's retirement benefit can be enhanced through the acquisition of additional service credit, and in some cases, retirement eligibility can be accelerated.

#### **Cost Method for Purchase of Nonintervening Military Service**

Prior to the passage of Act 120 of 2010, for all active members of SERS, the method used to determine the cost to purchase nonintervening military service was determined by applying the member's basic contribution rate, the additional contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry subsequent to such military service of the member into State service to the member's average annual rate of compensation over the first three years of State service and multiplying the result by the number of years of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent State service to the date of purchase.

Among the cost saving provisions included in Act 120 was a change in the method used to determine the cost to purchase nonintervening military service for new members of the System. Under Act 120, Class A-3 and Class A-4 members would be required to contribute an amount equal to the full actuarial cost of the service purchase, resulting in a higher cost for service purchases than that applicable to active members prior to the passage of Act 120. No change, however, was made in Act 120 for such service purchases for new members of PSERS.

In addition to bringing SERS into compliance with the HEART Act, USERRA and the Internal Revenue Code, the bill would change the method used to determine the cost to purchase nonintervening military service for post-Act 120 members to be the same as the pre-Act 120 method (while also making it consistent with the method used for such purchases under the PSERS Code). Under the bill, the member's cost to purchase nonintervening military service for post-Act 120 members would no longer be based upon the full actuarial cost formula, but instead would revert to the employer-subsidized pre-Act 120 service purchase calculation. The reversion to the pre-Act 120 method would restore consistency to the methods used by both SERS and PSERS in calculating military service purchases by members.

#### **Uniformed Services Employment and Reemployment Rights Act**

In 1994, the United States Congress passed the Uniformed Services Employment and Reemployment Rights Act (USERRA), which replaced the former Veterans' Reemployment Rights Law (VRRL). All private and governmental employers must comply with USERRA, which provides special employment and benefit rights to individuals who leave employment to perform "qualified military service." Qualified military service is service in the "uniformed services" while on active or inactive duty, including training periods. Uniformed services include the Army, Navy, Air Force,

Marines, Coast Guard, Reserves, Army and Air National Guard, the commissioned corps of the Public Health Service, and any other persons designated by the President.

To ensure that they are not held at a disadvantage in their employment rights, USERRA requires that all employees rendering intervening military service (service that interrupts employment) be considered as having been on leave of absence during that time, a policy that is also reflected in the Commonwealth of Pennsylvania's Military Code and in most state pension plan statutes (USERRA does not address the issue of *nonintervening* military service.). Specifically, 38 U. S. C. § 4318(a)(2)(A) provides that the employee "shall be treated as not having incurred a break in service . . . by reason of such person's period or periods of service." Further, § 4318(b)(1) provides that "[a]n employer . . . shall . . . be liable to an employee pension benefit plan for funding any obligation of the plan to provide the benefits described in subsection (a)(2) . . .," and that "[n]o such payment may exceed the amount the person would have been permitted or required to contribute had the person remained continuously employed by the employer" (§ 4318(b)(2)).

### **The Heroes Earnings Assistance and Relief Tax Act**

The Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) was signed into law by the President on June 17, 2008, to provide additional tax and pension benefits to individuals who are absent from work due to duty in the uniformed military service. While USERRA was enacted to protect the reemployment rights of those who leave employment to serve in the military, the HEART Act clarified and expanded USERRA to provide benefits and vesting protection for those who could not return to work because of death or disability while performing military service.

The HEART Act imposes several mandatory provisions on all private and governmental retirement plans, with private plans in general being required to amend their plans by the last day of the first plan year beginning on or after January 1, 2010. For governmental retirement plans, the plans must be amended to reflect the mandatory provisions of the HEART Act by the last day of the first plan year beginning on or after January 1, 2012. The following is a description of the mandatory provisions required to be adopted by governmental retirement plans to be in compliance with the HEART Act.

Qualified plans must treat members who die on or after January 1, 2007, while performing qualified military service as having died during covered employment for purposes of entitlement to certain additional benefits under the plan. These additional benefits include accelerated vesting, ancillary life insurance benefits, and other benefits that are contingent upon the participant's termination of employment due to death. The HEART Act does not require plans to pay any benefit that a member who dies or becomes disabled would have accrued during the period of military service — though plans may do so voluntarily.

Some employers make differential wage payments to their employees who are called to active duty in the uniformed services. "Differential wage payments" (or "differential pay") are typically the difference between the individual's normal pay from the employer and his military pay. Employers are not required to make these wage payments, but for those that do, the HEART Act changed their tax treatment. Under the HEART Act, differential wage payments made after December 31, 2008, are considered W-2 wages. As a result, individuals receiving such payments are considered to be active employees of the employer.

Upon the death of a member while performing qualified military service, surviving beneficiaries receive payment under the Servicemembers' Group Life Insurance (SGLI) program. The HEART Act provides for the rollover of a military death gratuity or SGLI payment into an individual retirement account (IRA), Roth IRA or an education savings account with no annual limit on the contribution.

**Internal Revenue Code Section 414(u)**

Section 414(u) of the Internal Revenue Code [IRC §414(u)] provides rules regarding the interaction of USERRA with the rules governing tax-qualified retirement plans. Section 414(u)(8) provides, in part, that an employer maintaining a plan is treated as meeting the requirements of USERRA only if: 1) an employee reemployed under USERRA is treated as not having incurred a break in service because of the period of military service; 2) the employee's military service is treated as service with the employer for vesting and benefit accrual purposes; 3) the employee is permitted to make additional elective deferrals and employee contributions in an amount not exceeding the maximum amount the employee would have been permitted or required to contribute during the period of military service if the employee actually had been employed by the employer during that period; and 4) the employee is entitled to any accrued benefits that are contingent on employee contributions or elective deferrals to the extent the employee pays the contributions or elective deferrals to the plan.

---

SUMMARY OF ACTUARIAL COST IMPACT

---

The Commission's consulting actuary has reviewed the bill and the actuarial cost estimate provided to the Commission by the consulting actuary for SERS. Despite the many changes required to bring SERS into compliance with the HEART Act, USERRA and IRC §414(u), the Commission's consulting actuary does not expect these changes to materially impact the future funding requirements of SERS.

Because the change due to the bill would result in a decrease in the unfunded actuarial accrued liability (UAAL) and the current employer contribution rate is limited by the employer contribution collar, the bill would have no immediate impact on the employer contribution rate. Although the bill reduces the cost of military service purchases for affected SERS members, the variation of the entry age normal actuarial cost method used by SERS results in a decrease in the UAAL in determining the contribution requirement according to the current Code. Under this method, the normal cost rate is determined for the average new member (Class A-3 general employees). This normal cost rate is then applied to the entire active membership. Therefore, the accrual cost for all members is increased due to a change impacting post-Act 120 members only. Since the value of benefits is unchanged for pre-Act 120 members, the value of the additional normal cost contributions is greater than the increase in the value of benefits for post-Act 120 members due to this change, resulting in a reduction in the actuarial accrued liability (AAL).

The change in the calculation of the cost method to purchase service credit will only affect post-Act 120 members of Classes A-3 and A-4. The change will result in a slight, eight basis-point increase in the employer normal cost from 5.10% to 5.18%, which will be spread out over all members of the System due to SERS' funding method. This increase in the normal cost will result in an overall reduction in the AAL, because the additional future contributions required will be covering more than the cost of the service purchase change for a very small percentage of the membership population affected under Act 120.

The following table indicates the estimated change in the UAAL as of December 31, 2011, the normal cost, and the first year amortization payment due to the bill.

---

SUMMARY OF ACTUARIAL COST IMPACT (CONT'D)

---

	<b>Amount</b>	
Change in Unfunded Actuarial Accrued Liability	(\$47,300,000)	
		<b>As a % of Payroll</b>
Change in Employer Annual Costs		
Normal Cost	\$4,700,000	0.08%
Amortization Payment	<u>(6,900,000)</u>	<u>(0.12%)</u>
Total without Collared Contribution Rate	(\$2,200,000)	(0.04%)
Total with Collared Contribution Rate	\$0	0.00%

---

POLICY CONSIDERATIONS

---

In reviewing the bill, the Commission identified the following policy considerations.

Substantial Compliance with Federal Law. The bill attempts to bring the SERS Code and Military Code into conformance with Federal Law by making amendments that are consistent with the mandatory provisions of the HEART Act, USERRA and IRC §414(u).

Inter-System Parity (Military Service Purchase). Historically, the General Assembly has engaged in the practice of providing substantially similar benefits to both State and public school employees. Prior to Act 120 of 2010, the ability to purchase nonintervening military service at an employer-subsidized rate was a benefit afforded to eligible active members of both PSERS and SERS. Act 120 altered the service purchase calculation applicable to new active members of SERS (requiring payment of the full actuarial cost), but retained the pre-Act 120 employer-subsidized service purchase method for members of PSERS. Because the bill would revert to the pre-Act 120 service purchase calculation for military service purchases for all active members of SERS, the bill would restore inter-system parity with respect to the treatment of military service purchases.

Equity in the Treatment of Military Service. Permitting a member to receive retirement service credit for military service has been a longstanding policy among the major public employee retirement systems of the Commonwealth. The bill restores equity in the treatment of members with regard to the cost of purchasing nonintervening military service.

---

COMMISSION RECOMMENDATION

---

On September 19, 2012, the Commission voted to attach the actuarial note to the bill, recommending that the General Assembly and the Governor consider the policy issues identified in the actuarial note transmittal.

---

FINAL LEGISLATIVE STATUS

---

House Bill Number 2591, Printer's Number 3980, was signed into law by the Governor on October 24, 2012.



## PART II

### PUBLIC EMPLOYEE RETIREMENT SYSTEM ADMINISTRATION

---

#### A. ACT 205 OF 1984.

- **2011 Filing Period**

March 30, 2012, was the deadline for the 2011 municipal pension plan reports. Of the 4,592 local governments submitting questionnaire responses, 2,048 indicated that they had established one or more pension plans. About 203 of the local governments required to submit employee pension plan reports to be eligible for General Municipal Pension System State Aid failed to meet the statutory filing deadline. Through transmitting multiple delinquency notices, the Commission was able to significantly reduce the number of delinquent local governments that were not included in the initial State aid certification to the Department of the Auditor General on July 25, 2012. Only 15 municipalities remained delinquent as of the date of initial certification. As of December 31, 2012, one municipality remained delinquent in submitting their 2011 municipal pension plan reports.

With 50% of the more than 3,000 municipal pension plan actuarial valuation reports received near the filing deadline, the Commission utilized its computer-assisted review procedures to expedite the review of the incoming reports. The data extracted from the reporting forms was verified using electronic data processing. The Commission issued its *Status Report on Local Government Pension Plans* based on the 2011 Act 205 data in December 2012.

- **Act 44 of 2009**

Act 44 of 2009 was signed into law by the Governor on September 18, 2009, and makes significant changes to the Municipal Pension Plan Funding Standard and Recovery Act. The most significant for the Commission is the calculation of a distress score, based upon the aggregate funded ratio, for every municipality with a pension plan. On July 27, 2012, the Commission notified 1,449 municipalities of their distress score. Fifty-five percent of the municipalities were not distressed, but they only accounted for 19 percent of the active membership.

- **Municipal Pension Cost Certification**

In the summer of 2012, the Commission certified municipal pension cost data to the Department of the Auditor General for use in the 2012 allocation of General Municipal Pension System State Aid. In 2012, the State aid provided to municipalities to offset their employee pension costs totaled \$232.8 million. Calculation of the municipal pension cost data for the over 1,500 municipalities was accomplished through the municipal employee pension plan data base that is maintained by the Commission through the data extracted from the over 3,000 pension plan reports submitted by municipalities.

**B. ACT 293 OF 1972.**

- **2012 Filing Period**

The Commission transmitted filing notices and reporting forms to the 66 counties required to submit employee pension plan reports for 2012. The reports are due by March 29, 2013.

## PART III

### PUBLIC EMPLOYEE RETIREMENT SYSTEM POLICY DEVELOPMENT AND COORDINATION

---

#### A. STATUTORY PROVISIONS.

*The Public Employee Retirement Commission Act provides, in pertinent part:*

*Section 6. Powers and Duties.*

*(a) In general. - The Commission shall have the following powers and duties:*

- (1) To study generally the subject of retirement, income after retirement, disability and death benefits and the retirement needs of public employees. The Commission shall have responsibility to formulate principles and objectives applicable thereto and to recommend any new legislation it deems advisable.*
- (2) To analyze on its own or upon request from either the legislative or executive branch any bill relating to public employee retirement or pension policy and issue a report thereto in a timely fashion. Such report shall be submitted to the General Assembly and the Governor and shall include an assessment of the actuarial soundness, feasibility and cost of such legislation.*
- (9) To monitor and evaluate from time to time all the laws and systems thereunder which relate to public employee pension and retirement policy in the Commonwealth.*
- (10) To study the relationship of retirement and pension policy to other aspects of public personnel policy and to the effective operation of government generally.*
- (11) To examine the interrelationships among public employee pension and retirement systems throughout the State.*

#### B. RESEARCH.

- *Special Report: Funding and Reforming Public Employee Retirement Systems*

The “Great Recession” has triggered an extraordinary increase in the required employer contributions to defined benefit pension funds, because the risk of investment loss in these

## **B. RESEARCH. (Cont'd)**

traditional retirement plans is borne by the employer. Unlike the private sector, where the applicable law allows for the freezing of existing benefits and conversion to other pension structures, such as defined contribution plans where the risk of investment loss is borne solely by the employee, government plans are limited by the fact that they are created and maintained by statutory enactments (whether State statute or local ordinance) and subject to the constitutional proscription against the adoption of laws that impair the obligation of contracts.

Under the Public Employee Retirement Commission Act (Act 66 of 1981), the Public Employee Retirement Commission has a mandated responsibility to study on a continuing basis the Commonwealth's public employee retirement systems. In accordance with that responsibility, in the fall of 2012, the Commission initiated a study of the current funding crisis, its causes, and the potential reforms available under the strictures of judicial rulings. In the course of study, Commission staff reviewed existing laws, the funding status of Pennsylvania's public employee pension plans, treatises and reports of various universities and other institutions and organizations, and the nature and effect of reform efforts undertaken in other jurisdictions.

The Commission further conducted a series of four public hearings in the fall of 2012, with the objective of gathering testimony from interested parties in order to identify the nature of the funding problems, and to develop potential policy options for Commonwealth policymakers to consider as they address the significant retirement funding challenges facing the Commonwealth's public employee retirement systems. The hearings included testimony from parties with a known interest and expertise in the issues, including: employee and employer groups, independent non-profit research organizations, and the school, state and local government retirement systems. The hearings were conducted on September 5, 2012, September 19, 2012, October 3, 2012, and November 15, 2012. Written testimonies from the hearings can be accessed via the following link:

[http://www.portal.state.pa.us/portal/server.pt/community/perc\\_home/2513/testimony/1231474](http://www.portal.state.pa.us/portal/server.pt/community/perc_home/2513/testimony/1231474)

The Commission's report entitled *Special Report: Funding and Reforming Public Employee Retirement Systems* was a result of that study. It does not make recommendations, but simply identifies and discusses the actions that can be undertaken. It does not provide the detail of an actuarial note on specific legislation, but does set forth a general analysis of the various reforms that are available. The only limitations are those imposed by constitutional law and budgetary realities. This report can be accessed via the following link:

[http://www.portal.state.pa.us/portal/server.pt/community/perc\\_home/2513](http://www.portal.state.pa.us/portal/server.pt/community/perc_home/2513)

## **C. STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEM REVIEWS.**

Under the Public Employee Retirement Commission Act, the Commission conducts periodic reviews of the actuarial and financial reports of the various public employee retirement systems. The Commission conducted its review of the State Employees' Retirement System in September 2012.

**Commission's Review of the  
State Employees' Retirement System Actuarial Valuation Report**

---

At the September 19, 2012, meeting of the Commission, the Staff presented a summary of the December 31, 2011, Actuarial Valuation Report of the State Employees' Retirement System (SERS) issued June 13, 2012, and reviewed some significant facts concerning the condition of SERS since the prior valuation.

**General Discussion**

- Funding Changes

- The funding of the System (because of Act 120 of 2010) is 11.50 percent. The December 31, 2011, contribution before Act 120 would have been 26.39 percent.

**Summary of Changes**

- Changes in the December 31, 2011, valuation:

	Normal Cost	Unfunded Liability	Total
– Change in interest rate assumption from 8.0% to 7.5%	1.00%	2.21%	3.21%
– Loss from investment earnings		3.19%	3.19%
– Additional cost due to Act 120 contribution collar restrictions		0.72%	0.72%
– Differences between actual and expected demographic experience		0.44%	0.44%
– Change in demographics of new entrants	0.02%	-0.02%	0.00%
– Pay increases different than assumptions		-0.01%	-0.01%
– Change in amortization due to change in payroll	0.00%	-0.09%	-0.09%
– Total Change	1.02%	6.44%	7.46%

**Commission's Review of the SERS Actuarial Valuation Report (Cont'd)**

---

- The following elements affected the amount of the unfunded liability:
  - Changes in interest rate assumption from 8.0% to 7.5% \$2,148,325,670
  - Loss from investment earnings 2,113,086,931
  - Additional cost due to Act 120 contribution collar restrictions 477,987,826
  - Differences between actual and expected demographic experience 296,742,632
  - Change in demographics of new entrants (12,149,045)
  - Pay increases different than assumptions (5,915,671)
  
  - Total Change \$5,018,078,343
  
  - December 31, 2011, Unfunded Liability \$14,663,401,046

**Employer Normal Cost Rate**

- Normal Cost Rate for New Active Members:
  - Superannuation and Withdrawal 9.75%
  - Disability 0.75%
  - Death 0.53%
  - Refunds 0.32%
  - Total 11.35%
  
  - Members Contributions 6.25%
  - Employer Normal Cost 5.10%

\* \* \* \* \*

The Commission reviewed this report with Mr. David E. Durbin, Executive Director, and Mr. Brent Mowery, Consulting Actuary, of the State Employees' Retirement System.

**Commission's Review of the SERS Actuarial Valuation Report (Cont'd)**

**SUMMARY OF ACTUARIAL VALUATION  
STATE EMPLOYEES' RETIREMENT SYSTEM AS OF DECEMBER 31, 2011**

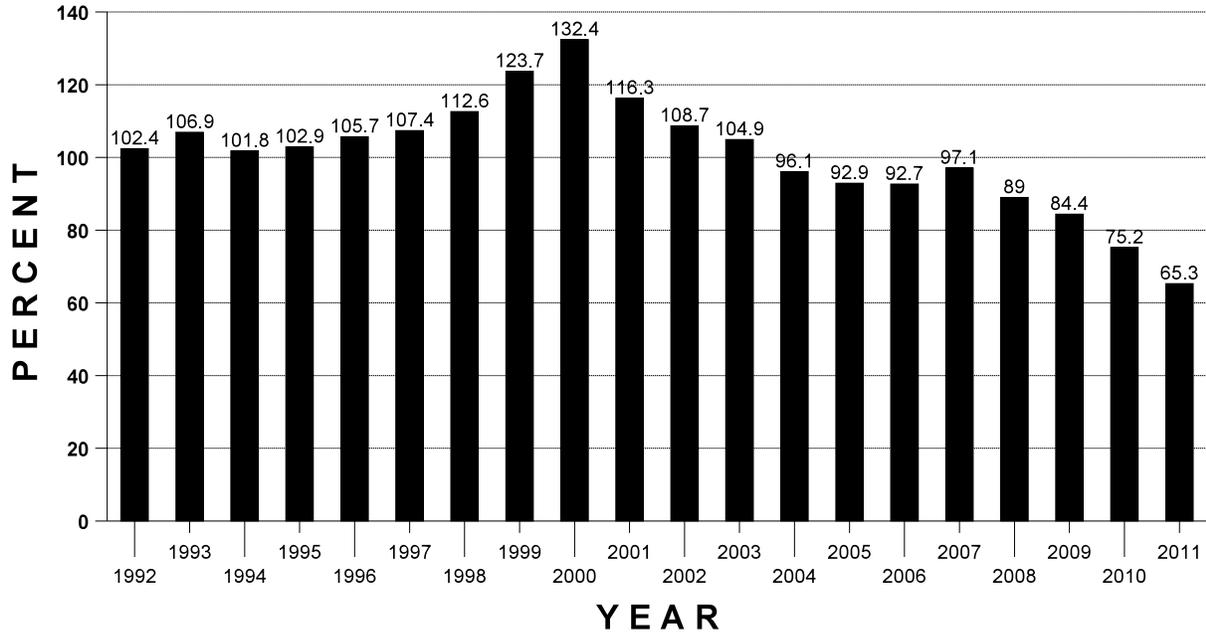
The following is a summary of the December 31, 2011, actuarial valuation of the State Employees' Retirement System and a comparison of the 2011 results with those of 2010.

	<u>12/31/11</u>		<u>12/31/10</u>	
<b><u>Membership</u></b>				
Active	107,021		109,255	
Inactive	6,189		6,326	
Retired	97,205		93,900	
Disabled	7,891		7,801	
Survivors and Beneficiaries	10,246		10,012	
<b><u>Payroll and Annuities Payable</u></b>				
Total Annual Funding Payroll	\$5,890,704,000		\$5,851,704,000	
Annual Annuities and Benefits	\$2,242,168,791		\$2,087,317,311	
<b><u>Valuation Data</u></b>				
Accrued Liability	\$42,281,862,034		\$39,179,593,969	
Assets <sup>1</sup>	<u>27,618,460,988</u>		<u>29,443,945,435</u>	
Unfunded Accrued Liability	\$14,663,401,046		\$ 9,735,648,534	
Funded Ratio <sup>2</sup>	65.3%		75.2%	
<b><u>Funding Costs</u> <sup>3</sup></b>				
Normal Cost <sup>4</sup>	\$ 300,425,904.0	5.10%	\$238,749,523.2	4.08%
Amortization	<u>\$1,254,130,881.6</u>	<u>21.29%</u>	<u>\$868,978,044.0</u>	<u>14.85%</u>
Actuarial Funding	\$1,554,556,785.6	26.39%	\$1,107,727,567.2	18.93%
<b><u>Support</u> <sup>3</sup></b>				
Member	\$368,169,000.0	6.25%	\$365,731,500.0	6.25%
Commonwealth <sup>5</sup>	<u>\$677,430,960.0</u>	<u>11.50%</u>	<u>\$468,136,320.0</u>	<u>8.00%</u>
Total Support	\$1,045,599,960.0	17.75%	\$833,867,820.0	14.25%
Total Commonwealth Contribution <sup>6</sup>	\$682,732,593.6	11.59%	\$468,721,490.4	8.01%

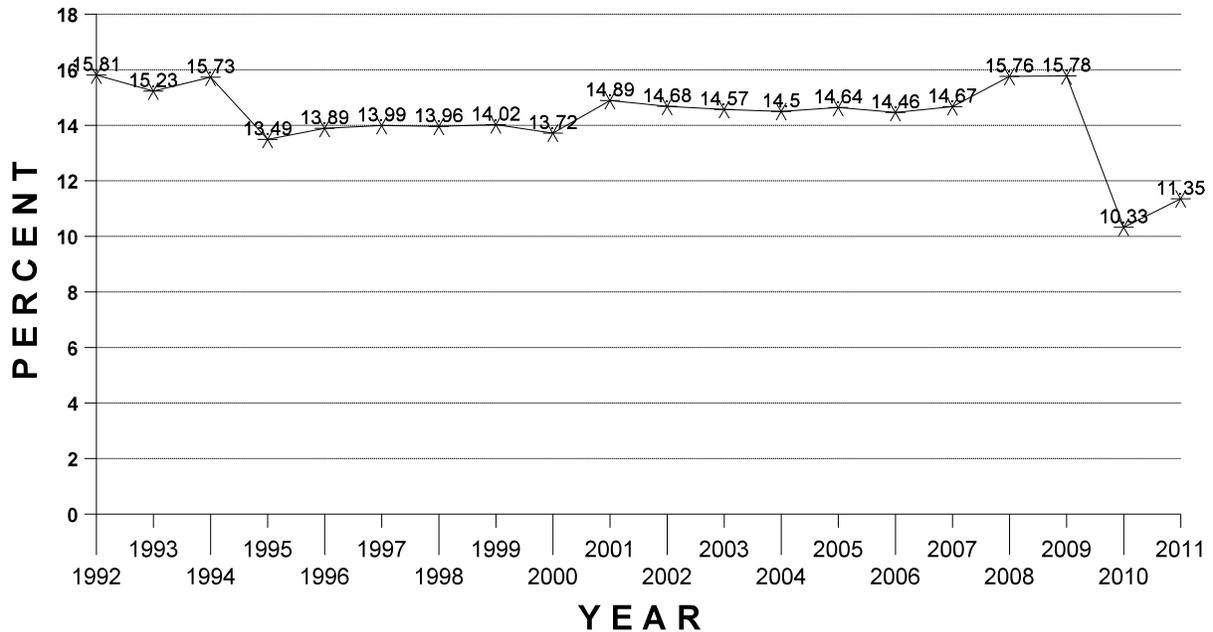
**EXPLANATORY FOOTNOTES**

- <sup>1</sup> The Assets figure is the actuarial value not the market value.
- <sup>2</sup> The Funded Ratio is based upon the actuarial value, not the market value, of assets and liabilities.
- <sup>3</sup> Due to rounding, the dollar figures shown here differ slightly from those shown in the Actuarial Reports.
- <sup>4</sup> The State Employees' Retirement Code requires that the employer normal contribution rate be based on the level percentage of payroll normal cost determined under the entry age normal actuarial cost method for new members less the portion of the cost to be funded by member contributions.
- <sup>5</sup> Act 120 established that the FY 2012-13 maximum employer contribution rate for employer funding of SERS shall be limited by a 3.50% contribution collar on the final FY 2011-12 employer contribution requirement of 8.00% of payroll. Therefore, the FY 2012-13 employer contribution rate is limited to 11.50% of payroll. The total employer cost before Act 120 would have been 26.39%.
- <sup>6</sup> The total Commonwealth support contribution for the SERS plan includes a .09% contribution for the Benefits Completion Plan.

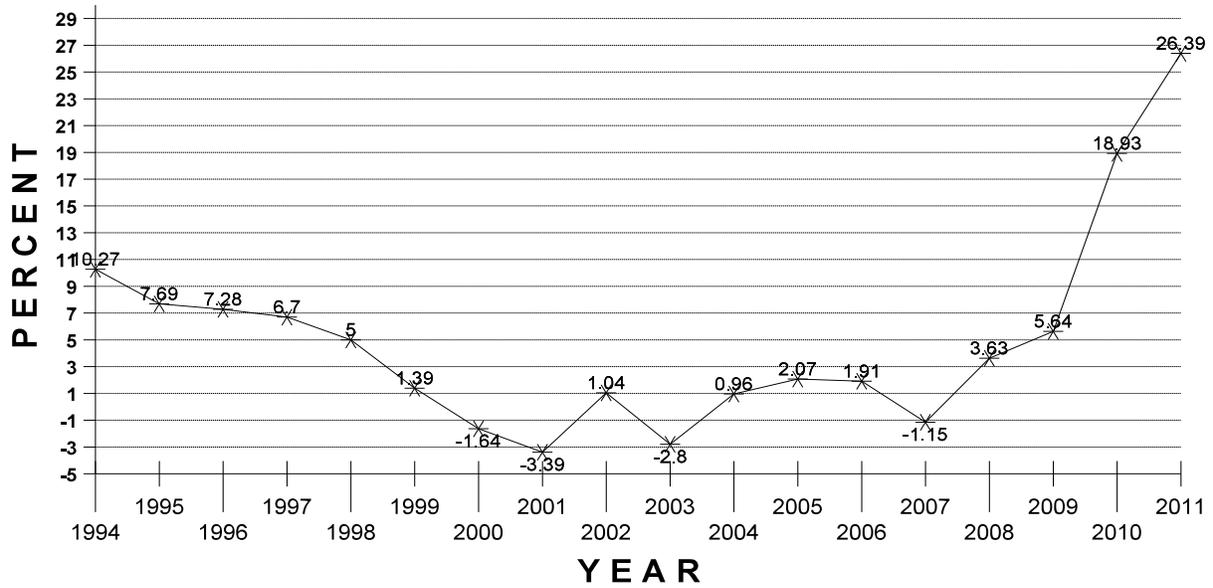
### SERS FUNDED RATIO TREND (20 year period)



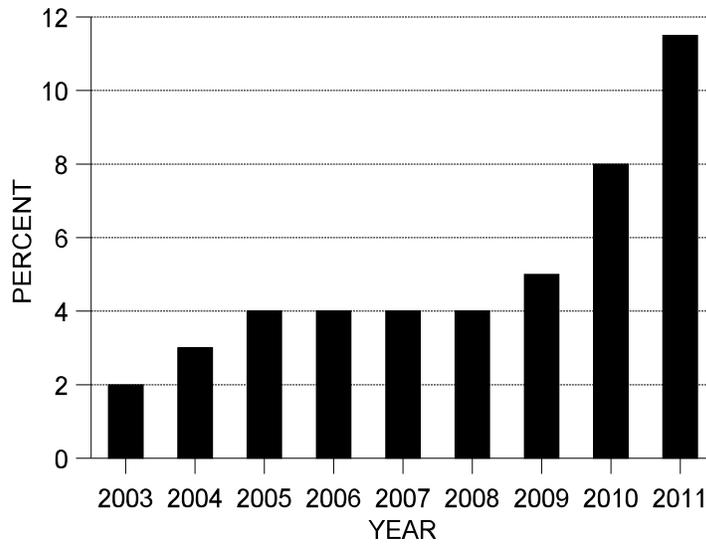
### SERS NORMAL COST TREND (20 year period)



### SERS ACTUAL EMPLOYER CONTRIBUTION RATE



### SERS MANDATED EMPLOYER CONTRIBUTION RATE



Commonwealth mandated contributions by year:

- 2.00 percent mandated contribution per Act 40 of 2003.
- 3.00 percent mandated contribution per Act 40 of 2003.
- 4.00 percent mandated contribution per Act 40 of 2003.
- 4.00 percent mandated contribution per Act 8 of 2007.
- 5.00 percent mandated contribution per Act 46 of 2010.
- 8.00 percent mandated contribution per Act 120 of 2010.
- 11.50 percent mandated contribution per Act 120 of 2010.

# **APPENDICES**



## **APPENDIX A**

### **ADVISORY COMMITTEES AND CONSULTING ACTUARIES**

#### **Advisory Committees**

Under Section 8 of the Public Employee Retirement Commission Act, the Commission appoints a Municipal Pension Advisory Committee and a Municipal Employee Pension Advisory Committee. Both advisory committees are appointed annually from nominations submitted by organizations of municipalities and municipal employees and meet with the Commission at least once each year to discuss the activities of the Commission and to present information or recommendations. The members of the advisory committees for calendar year 2012 and their sponsoring organizations were as follows:

#### **MUNICIPAL PENSION ADVISORY COMMITTEE**

Dr. Lee J. Janiczek  
PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP COMMISSIONERS

Mr. A. Christopher Cap  
PENNSYLVANIA STATE ASSOCIATION OF BOROUGHES

Ms. Amy C. Sturges  
PENNSYLVANIA LEAGUE OF CITIES AND MUNICIPALITIES

Mr. Michael J. Dennehy, Jr.  
PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS

Mr. Craig Lehman  
COUNTY COMMISSIONERS ASSOCIATION OF PENNSYLVANIA

Mr. Douglas E. Bilheimer  
PENNSYLVANIA MUNICIPAL AUTHORITIES ASSOCIATION

#### **MUNICIPAL EMPLOYEE PENSION ADVISORY COMMITTEE**

Mr. Art Martynuska  
PENNSYLVANIA PROFESSIONAL FIRE FIGHTERS' ASSOCIATION

Mr. Richard Costello  
PENNSYLVANIA FRATERNAL ORDER OF POLICE

Mr. Michael Maguire  
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

Mr. David Spotts  
PENNSYLVANIA CHIEFS OF POLICE ASSOCIATION

Mr. Steven R. Nickol  
PENNSYLVANIA STATE EDUCATION ASSOCIATION

**ADVISORY COMMITTEES  
AND CONSULTING ACTUARIES (Cont'd)**

**Consulting Actuaries**

The actuarial services committee developed and adopted guidelines for providing actuarial services to the Commission on June 2, 1982. The guidelines establish the educational and experience standards for the selection of consulting actuaries. The engagement of multiple actuarial consultants was considered appropriate to provide the Commission with an enhanced scope of actuarial experience and a greater response capacity, and to avoid potential conflicts of interest. The actuarial consultants engaged by the Commission during 2012 were:

*Conrad Siegel Actuaries*

Mr. David H. Killick

*Milliman, Inc.*

Ms. Katherine A. Warren

Mr. Timothy J. Nugent

*Cheiron, Inc.*

Mr. Kenneth A. Kent

## APPENDIX B

### LEGISLATIVE PROCEDURES UNDER SECTION 7 OF THE PUBLIC EMPLOYEE RETIREMENT COMMISSION ACT

#### I. Implementation by the General Assembly.

A. At the beginning of each legislative session of the General Assembly, the Speaker of the House and the President Pro Tempore of the Senate formally advise the chairmen of each standing committee in their respective chamber of the actuarial review provisions implemented by Act No. 1981-66.

B. Both chambers of the General Assembly adopt procedures most consistent with their operating rules to ensure that committee approved bills or floor amended bills are not considered prior to receipt of an actuarial note from the Commission or the passage of 20 legislative days from the date of first consideration or adoption of the floor amendment.

1. Actuarial Note Requests for Committee Approved Bills.-

The Committee chairman in either chamber of the General Assembly shall notify the Commission upon reporting a bill to the floor which proposes any change relative to a public employee pension system and request preparation of an actuarial note.

2. Actuarial Note Requests for Floor Amended Bills.-

The majority leader of either chamber of the General Assembly shall request preparation of an actuarial note for the floor amended bill on behalf of the respective chamber. The Commission shall provide the actuarial note as expeditiously as possible.

3. Actuarial Note Requests for Bills Referred by Other Chamber.-

When a committee in either chamber of the General Assembly approves without amendment a bill to the floor which has had an actuarial note attached in the other chamber, preparation of a new actuarial note is unnecessary. Where an amendment to the bill has been approved by the committee, the chairman shall notify the Commission and request preparation of a new actuarial note. The Commission shall provide the actuarial note as expeditiously as possible.

4. Actuarial Note Requests from the House or Senate Appropriations Committees.-

Whenever a request is received by the Commission from the chairman of either the House Appropriations Committee or the Senate Appropriations Committee for an actuarial note on a bill in the possession of the committee, the Commission shall formally authorize preparation of the

**LEGISLATIVE PROCEDURES UNDER SECTION 7  
OF THE PUBLIC EMPLOYEE RETIREMENT COMMISSION ACT (cont'd)**

actuarial note, as opposed to an advisory note, and transmit the actuarial note to the requesting committee as expeditiously as possible.

**II. Response by the Commission.**

A. The Commission acknowledges receipt of requests for the preparation of actuarial notes for committee approved bills and floor amended bills to the presiding officer of the requesting chamber of the General Assembly within 48 hours.

B. The Commission transmits the requested actuarial notes to the presiding officer of each chamber of the General Assembly as promptly as possible, recognizing that the 20 legislative days permitted for the preparation of actuarial notes is a maximum rather than a norm. Where there are no substantive actuarial or policy implications, the Commission will communicate that fact as the requested actuarial note.

C. The Commission provides copies of the transmittals of the requested actuarial notes to the following:

1. the chairman and minority chairman of the requesting committee;
2. the majority and minority leaders;
3. the majority and minority whips;
4. the majority and minority caucus chairmen;
5. the majority and minority appropriation committee chairmen;
6. the prime sponsor of the bill;
7. the Secretary of the Senate;
8. the Chief Clerk of the House; and
9. the Director of the Legislative Reference Bureau.

D. Upon the request of the committee chairman, the Commission staff may whenever possible provide supplemental reviews for bills prior to consideration by a committee. The information is transmitted to the committee chairman and minority chairman. Such assistance may contain actuarial data, but is considered to be an "advisory note" not constituting or substituting for the required actuarial note.

E. The Commission staff provides advice and counsel to members of the General Assembly on relevant matters pertaining to retirement plan design, financing, and administration.

F. The Commission provides actuarial notes or advisory notes only to appropriate officials of the legislative and executive branches.

G. The Commission transmits notice of its meetings to the Secretary of the Senate and Chief Clerk of the House for publication on the Senate and House daily meeting calendars.

Adopted April 10, 1985.

## **APPENDIX C**

### **BY-LAWS OF THE PUBLIC EMPLOYEE RETIREMENT COMMISSION**

#### Title 4. Administration

#### Part XII. Public Employee Retirement Commission

##### Section 401.1. Definitions.

The following words and terms, when used in this part shall have the following meanings, unless the context clearly indicates otherwise:

Act - the act of July 9, 1981 (P. L. 208, No. 66), known as the "Public Employee Retirement Commission Act."

Advisory Committee - a municipal pension advisory committee established under the provisions of Section 8 of the Act.

Commission - the Public Employee Retirement Commission created under the Act.

Member - a member of the Commission.

#### Chapter 402. By-Laws

##### Section 402.1. Meetings

Meetings of the Commission shall be held as necessary at the call of the chairman, but in no case less than six times per year. Meetings shall be held on the dates and at the times and locations specified by the chairman in the notice of the meeting. Notices of meetings shall contain an itemized agenda in reasonable detail. Notice of meetings shall be given to all members in writing at least seven days prior thereto; provided that such notice may be given at least twenty-four hours prior to such meeting where deemed necessary by the chairman under the circumstances. The chairman shall call a meeting upon the request in writing of five or more members.

##### Section 402.2. Quorum and Voting.

Five members shall constitute a quorum for meetings. The majority vote of the members present at a meeting or otherwise entitled to vote pursuant to these By-Laws shall constitute official action of the Commission. In the event that one or more vacancy or long-term disability exists four members shall constitute a quorum. A Commission member who is a member of the Senate or House of Representatives of the Commonwealth of Pennsylvania may, from time to time, appoint a designee in writing. A designee may cast a vote for a member on any matter pending before the Commission relating to an agenda item; provided that the member has set forth in writing with reasonable particularity the position of the member on the agenda item and the vote of the designee is not inconsistent therewith. Otherwise, a member may only vote in person. The Commission may take official action on any matter properly before a meeting whether or not mentioned in the notice of the meeting.

**BY-LAWS OF THE  
PUBLIC EMPLOYEE RETIREMENT COMMISSION (Cont'd)**

Section 402.3. Open Meetings.

Meetings of the Commission shall be held and notice thereof shall be given in accordance to Act No. 1986-84 relating to public meetings, as applicable.

Section 402.4. Minutes.

Minutes shall be kept of all meetings of the Commission and shall be filed in the office of the Commission, subject to the Act of June 21, 1957 (P. L. 390) §§ 1-4, as amended, (65 P. S. §§ 66.1-66.4) relating to the inspection and copying of public records, as applicable.

Section 402.5. Officers.

The Commission shall annually elect a chairman, a vice-chairman and such other officers as it finds necessary or desirable at the first meeting of the Commission occurring in each calendar year. All such officers shall be members and shall serve until the election of a successor. Election shall also occur in the event of a vacancy in any office. The chairman shall preside over all meetings of the Commission at which he is present, or in his absence the vice-chairman, or in both of their absence a member chosen by the Commission. In the event that the Chairman is unable to act hereunder for any reason, the vice-chairman may do so.

Section 402.6. Office.

The Commission may establish an office for the use of the Commission in the conduct of its official business.

Section 402.7. Committees.

The Commission may, from time to time, establish such committees as it deems necessary or desirable in the conduct of its official business. Appointments to committees shall be made by the chairman. The term of each committee shall be coterminous with that of the chairman. For the purposes of this section, any liaison shall be deemed to be a committee.

Section 402.8. Advisory Committees.

The Commission shall appoint each advisory committee pursuant to the applicable law no later than the third meeting of the Commission occurring in each calendar year. The term of each advisory committee shall be for one calendar year or until the appointment of a successor, whichever occurs later.

Section 402.9. Budget.

The executive director of the Commission shall annually submit a proposed budget to the Commission for approval prior to the submission date under budget guidelines applicable to Commonwealth agencies.

**BY-LAWS OF THE  
PUBLIC EMPLOYEE RETIREMENT COMMISSION (Cont'd)**

Section 402.10. Miscellaneous.

The Commission may, from time to time, do such other things and take such other actions as it deems necessary or desirable in the conduct of its official business.

Section 402.11. Amendment.

The Commission may, from time to time, amend these By-Laws by majority vote of the members present at a meeting or otherwise entitled to vote pursuant to these By-Laws; provided that notice of the meeting shall have set forth at least the general nature of the amendment.

Revised November 17, 1987



## APPENDIX D

### PUBLIC EMPLOYEE RETIREMENT COMMISSION

#### COMPREHENSIVE LIST OF 2011 - 2012 SESSIONS LEGISLATION REGARDING PUBLIC EMPLOYEE RETIREMENT ISSUES AS OF DECEMBER 31, 2012

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
H. B. 11 P. N. 2889 (Turzai)	Pennsylvania Liquor Code (Act 21 of 1951), amending the act to make further provisions to the wholesale and retail operations of the Pennsylvania Liquor Control Board (PLCB).	Introduced and referred to House Liquor Control Committee Reported as amended First Consideration <b>Actuarial Note (A. 11448)</b> <b>Commission Letter (A. 11451)</b>	09/13/11 12/13/11 12/13/11 06/08/12 06/08/12
H. B. 30 P. N. 2121 (Daley)	PSERS, permits active members of PSERS to retire during the period of February 28, 2011, through June 2, 2011, with 30 years of service, or with a combination of years of service and age that when added together total 80, without the member's annuity being reduced on account of a retirement age that is under superannuation age. The bill would entitle an eligible member to insurance coverage under a contract of insurance affecting the member that is in effect on the member's effective date of retirement. The bill would also temporarily require that 60% of the "net savings cost" realized from the replacement of retiring members be deducted from the required reimbursement to each school district and be transmitted to the Public School Employees' Retirement Fund.	Introduced and referred to House Education Committee	06/17/11
H. B. 31 P. N. 2122 (Daley)	SERS, permits an active member of SERS to retire during the period of February 28, 2011, through June 2, 2011, with 30 years of service, or with a combination of years of service and age that when added together total 80, without the member's annuity being reduced on account of a retirement age that is under superannuation age. The bill would entitle an eligible member to insurance coverage under contract of insurance affecting the member that is in effect on the member's effective date of retirement. The bill would also temporarily require that 60% of the "net savings cost" realized from the replacement of retiring members be deducted from the required reimbursement to each agency and be transmitted to the State Employees' Retirement Fund.	Introduced and referred to House State Government Committee	06/17/11
H. B. 89 P. N. 45 (Murphy)	City of Scranton, changing certain eligibility requirements for the purchase of nonintervening military service credit by members who are policemen or firemen by removing the requirement that the member must have become a city employee within three years of release of active duty and inserting language	Introduced and referred to House Urban Affairs Committee <b>Actuarial Note (P. N. 45)</b> First Consideration Re-referred to House Rules Committee Reported as committed	01/19/11 11/17/11 06/19/12 06/19/12 09/24/12

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
	mandating that the city permit the purchase and crediting of certain military service.		
H. B. 90 P. N. 46 (Murphy)	City of Scranton, amending the Second Class City A Employee Pension Law, removing the statutory three year limit within which a member must commence employment with the city following military service in order to be eligible to purchase service credit for non-intervening military service and mandating that the city permit eligible active members to purchase up to five years of nonintervening military service credit.	Introduced and referred to House Urban Affairs Committee <b>Actuarial Note (P. N. 46)</b> First Consideration Re-referred to House Rules Committee Reported as committed	01/19/11 11/17/11 06/19/12 06/19/12 09/24/12
H. B. 130 P. N. 2547 (Boyle, B.)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding to the list of criminal offenses any offense that requires registration under 42 PA.C.S. Sec. 9795.1 (relating to registration).	Introduced and referred to House State Government Committee	10/14/11
H. B. 418 P. N. 384 (Krieger)	SERS, establishing a new voluntary retirement program applicable to any state legislator who first becomes a member of the General Assembly on or after December 1, 2012, or who is re-elected to serve as a member of the General Assembly beginning on or after December 1, 2012. Membership in the State Employees' Retirement System (SERS) would be prohibited for a state legislator who first becomes a member of the General Assembly on or after December 1, 2012. A current member who is re-elected to serve in the General Assembly beginning on or after December 1, 2012, would cease accruing service credit in SERS as of November 30, 2012, but would have the opportunity to elect membership in the new retirement program.	Introduced and referred to House State Government Committee <b>Actuarial Note (P. N. 384)</b>	02/03/11 08/04/11
H. B. 487 P. N. 442 (Hutchinson)	PSERS, permitting active members to purchase up to three years of creditable non-school service for work experience used by the member to obtain certification as a vocational teacher.	Introduced and referred to House Education Committee	02/04/11
H. B. 517 P. N. 484 (Harkins)	Act 362 of 1945, providing members of any third class city's retirement system a post retirement adjustment. The city council shall approve the increase subject to the approval of the board, provided the provisions of the Municipal Pension Plan Funding Standard and Recovery Act (Act 205) have been satisfied.	Introduced and referred to House Urban Affairs Committee	02/08/11
H. B. 551 P. N. 518 (Petri)	PSERS, amending the Code to establish an optional defined contribution plan to be known as the Public School Employee's Optional Retirement Program effective January 1, 2009.	Introduced and referred to House State Government Committee	02/08/11

BILL NUMBER  
 PRINTER'S NUMBER  
 (PRIME SPONSOR)

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
H. B. 552 P. N. 519 (Petri)	SERS, amending the Code to establish an optional defined contribution plan to be known as the State Employees' Optional Retirement Program effective July 1, 2011.	Introduced and referred to House State Government Committee	02/08/11
H. B. 802 P. N. 821 (Reed)	SERS, defining "campus police officer" and providing age 50 superannuation retirement benefits to certain campus police officers.	Introduced and referred to House State Government Committee	02/23/11
H. B. 969 P. N. 1045 (Goodman)	PSERS, further providing for membership of the PSERS Board.	Introduced and referred to House Education Committee	03/08/11
H. B. 982 P. N. 1078 (Haluska)	SERS, authorizing the purchase of nonstate service credit for certain previous employment in the mining industry.	Introduced and referred to House State Government Committee	03/09/11
H. B. 1034 P. N. 1121 (Cutler)	PSERS and SERS, amending the Codes of both systems by limiting the amount of a maximum single life annuity to an amount not to exceed the highest compensation received during any period of 12 consecutive months of credited service.	Introduced and referred to House Finance Committee	03/14/11
H. B. 1241 P. N. 1360 (Baker)	Pennsylvania Conservation Corps Act (Act 112 of 1984), beginning July 1, 2011, providing for membership in SERS for Pennsylvania Conservation Corps "crewleaders," and authorizing the provision of state healthcare benefits for crewleaders.	Introduced and referred to House State Government Committee	03/31/11
H. B. 1242 P. N. 1361 (Baker)	PSERS and SERS, beginning July 1, 2011, amending the SERS Code to provide for optional membership in SERS for "crewleaders" employed pursuant to the PA Conservation Corps Act (Act 112 of 1984). The bill also amends the PSERS and SERS Codes to provide for the purchase of up to five years of nonschool or nonstate service credit for service as a crewleader with the PA Conservation Corps rendered prior to July 1, 2011, provided the member elects to purchase the service within three years of becoming eligible to do so and the member pays the full actuarial cost of the benefit enhancement.	Introduced and referred to House State Government Committee	03/31/11
H. B. 1252 P. N. 1371 (Roebuck)	PSERS, permits active members of the System to retire during various periods of time upon attaining 30 eligibility points without the member's annuity being reduced on account of a retirement age that is under superannuation age. Under the bill, an eligible member would be: 1) a member of PSERS who during the period from March 1, 2012, through June 30, 2012, has attained at least 30 eligibility points, terminates service, and files an application for an annuity with an effective date of retirement not later than July 1, 2012; or 2) a member of PSERS who during the period from March 1, 2013, through June 30, 2013, has attained at least 30 eligibility points, terminates service, and files an	Introduced and referred to House State Government Committee	03/31/11

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
	application for an annuity with an effective date of retirement not later than July 1, 2013.		
H. B. 1492 P. N. 1796 (Hutchinson)	PSERS, permitting the purchase of up to five years of nonschool service credit for previous service as a county employee other than service as a county nurse.	Introduced and referred to House Finance Committee	05/09/11
H. B. 1530 P. N. 1874 (O'Brien)	Cities of the First Class (Philadelphia) or Second Class (Pittsburgh), an act prohibiting a city of the first or second class from denying pension and pension related benefits to the surviving spouse of a deceased firefighter or fire department employee due to the remarriage of the surviving spouse.	Introduced and referred to House Finance Committee	05/11/11
H. B. 1567 P. N. 4225 (Boback)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding that forfeited benefits shall be immediately forfeited upon the public official's entry of a plea of guilty or no contest or upon initial entry of a jury verdict or judicial order of guilty to a crime related to public office or public employment.	Introduced and referred to House Judiciary Committee First Consideration Reported as amended Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (201-0) Referred to Senate State Government Committee Reported as amended First Consideration	05/23/11 05/24/11 06/08/11 06/08/11 06/13/11 06/13/11 06/21/11 10/15/12 10/15/12
H. B. 1608 P. N. 1993 (Sainato)	SERS, amending the definition of "correction officer" for retirement benefit purposes to include any full-time employee of the Department of Corrections or the Department of Public Welfare who is designated an essential employee by either Department.	Introduced and referred to House Judiciary Committee	06/02/11
H. B. 1637 P. N. 2042 (Santarsiero)	An Act establishing the Public Employee Pension Commission, to study and make recommendations with respect to the PSERS and SERS pension systems, including both short-term, as well as long-term, solutions to fill funding gaps and guarantee fiscal solvency.	Introduced and referred to House Finance Committee	06/07/11
H. B. 1642 P. N. 2058 (Staback)	SERS, amending the definition of "enforcement officer" to include officers of the Pennsylvania Game Commission.	Introduced and referred to House State Government Committee	06/08/11
H. B. 1663 P. N. 2103 (Mann)	Emergency and Law Enforcement Personnel Death Benefits Act (Act 101 of 1976), expanding eligibility for survivor benefits and increasing the survivor benefits from \$100,000 to \$250,000, the maximum benefit payable in the event an eligible public safety officer dies in the line of duty.	Introduced and referred to House Finance Committee	06/14/11
H. B. 1676 P. N. 2123 (Boyd)	SERS, would amend the Code of the System to: 1) Effective January 1, 2012, establish a new class of membership known as "Class QB." Most employees who become a member of the system on or after January 1, 2012	Introduced and referred to House State Government Committee <b>Actuarial Note (P. N. 2123)</b>	06/17/11 08/04/11

(including members of the General Assembly and judiciary but excluding State police officers), would become a member of Class QB, including an employee who is not an active member of the System (because membership is optional or prohibited), but who becomes a member of the System on or after January 1, 2012. Class QB members would be eligible for an annuity with a present value equal to the balance of the member's savings account, and would have a corresponding employee contribution requirement of 6.25% of compensation; 2) Establish the employer contribution rate as 4.75% of Class QB compensation and credited to each individual member's savings account, along with statutory interest at the rate of 4.0%; 3) Modify the superannuation requirements for new members of Class QB to age 55; 4) Maintain optional membership for employees who are eligible to elect participation in an independent retirement program (such as TIAA-CREF), but with a reduced employer contribution rate equal to 5.0% of compensation; and 5) Prohibit new members from purchasing previous State service or creditable nonstate service, except for military service or an approved leave of absence.

H. B. 1677  
P. N. 2124  
(Boyd)

PSERS, would amend the Code of the System to: 1) Effective July 1, 2012, establish a new class of membership known as "Class T-G" applicable to most employees who become members of the System on or after July 1, 2012. A Class T-G member would be a member of the newly established cash balance benefit tier. 2) Set the employer contribution rate on behalf of Class T-G members at 5.0% of compensation and require a corresponding employee contribution to the cash balance plan of 7.5% of compensation. The employer and employee contributions would both be credited to the member's notational cash balance account, plus interest, at the rate of 4.0% annually; 3) Establish the superannuation requirement for members of Class T-G as age 55; 4) Maintain optional membership for new employees eligible to elect participation in an independent retirement program (such as TIAA-CREF), but with a reduced employer contribution rate equal to 5.0% of compensation; 5) Prohibit new members from purchasing previous school service or creditable non-school service, except for military service or an approved leave of absence; and 6) Prohibit new members from participating in the Health Insurance Premium Assistance Program after retirement.

Introduced and referred to House State  
Government Committee  
**Actuarial Note (P. N. 2124)**

06/17/11  
08/04/11

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
H. B. 1702 P. N. 3331 (Gingrich)	The Borough Code (Act 581 of 1966), reenacting and amending the Code, including a provision to permit certain employees of a municipal authority who were formerly employees of the borough that established the authority, to elect to retain membership in the borough retirement system.	Introduced and referred to House Local Government Committee <b>Commission Letter (P. N. 2152)</b> Reported as amended First Consideration Second Consideration Re-referred to House Appropriations Committee Reported as amended Third Consideration and Final Passage (190-4) Referred to Senate Local Government Committee Reported as amended First Consideration <b>Commission Letter (A. 08173)</b> Second Consideration Re-referred to Senate Appropriations Committee Reported as amended Third Consideration and Final Passage (45-0) Re-referred to House Rules Committee House concurred in Senate amendments (185-5) Signed by the Governor (Act 43 of 2012)	06/21/11 10/11/11 11/15/11 11/15/11 12/14/11 12/14/11 12/19/11 12/21/11 01/18/12 01/18/12 01/20/12 01/25/12 02/07/12 04/02/12 05/01/12 05/02/12 05/07/12 05/17/12
H. B. 1761 P. N. 2894 (M. Smith)	Second Class County Code, amending the definition of "compensation" to exclude overtime pay from the calculation of a member's retirement benefit; increasing the superannuation requirement for new members to age 60 with 25 years of service; increasing the vesting period to 10 years; further providing for the calculation of retirement allowances; and further providing for membership of the Allegheny County Retirement Board.	Introduced and referred to House Finance Committee Reported as amended First Consideration <b>Commission Letter (P. N. 2894)</b> Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (194-0) Referred to Senate Finance Committee First Consideration Re-referred to Senate Appropriations Committee	06/29/11 12/14/11 12/14/11 12/19/11 01/17/12 01/17/12 02/06/12 02/07/12 03/28/12 04/30/12
H. B. 1791 P. N. 2300 (Vulakovich)	Second Class County Code, adding the definition of "county detective," and extending public safety employee pension benefit coverage to county detectives.	Introduced and referred to House Urban Affairs Committee <b>Actuarial Note (P. N. 2300)</b>	07/26/11 11/17/11
H. B. 1821 P. N. 2331 (Boyle, B.)	Emergency and Law Enforcement Death Benefits Act (Act 101 of 1976), providing a death benefit for the spouse or beneficiary of a natural gas responder killed in the performance of duty.	Introduced and referred to House Veterans Affairs and Emergency Preparedness Committee	08/22/11
H. B. 1881 P. N. 2460 (Wagner)	PMRS, amends the Pennsylvania Municipal Retirement Law (Act 15 of 1974) to permit a retired municipal police officer to return to part-time duty, or as a substitute officer, for up to 800 hours per calendar year without losing retirement benefits.	Introduced and referred to House Local Government Committee	10/03/11

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
H. B. 1988 P. N. 2922 (Ross)	Municipalities Financial Recovery Act (Act 47 of 1987), amending the act to further define the definition of "arbitration settlement" to include arbitration awards or other determinations. The amended definition of "arbitration settlement" in section 103 shall apply retroactively to September 8, 1987.	Introduced and referred to House Urban Affairs Committee	12/20/11
H. B. 2080 P. N. 2904 (O'Neill)	An Act, establishing the Public School Employees' Benefit Board, mandating a school employee benefits study, providing for a statewide health benefits program for public school employees, for retirement health savings plans, and establishing the Public School Employees' Benefit Trust Fund.	Introduced and referred to House Education Committee	12/15/11
H. B. 2102 P. N. 2928 (Staback)	SERS, amending the definition of "enforcement officer" to include officers of the Pennsylvania Game Commission.	Introduced and referred to House State Government Committee	12/20/11
H. B. 2117 P. N. 2947 (Denlinger)	SERS, permitting the purchase of up to five years of nonstate service credit by a member of the Pennsylvania State Police for previous service as a municipal police officer.	Introduced and referred to House State Government Committee	01/17/12
H. B. 2200 P. N. 3144 (Evankovich)	SERS, amending the Code to establish an optional defined contribution plan to be known as the Legislative Agency Official and Employee Defined Contribution Benefit Program, a voluntary retirement program applicable to members of the General Assembly or employees of a legislative agency who first become members of the System on or after November 30, 2012.	Introduced and referred to House State Government Committee	02/29/12
H. B. 2294 P. N. 3328 (Sonney)	Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984), amending the special municipal taxing authority for financially distressed municipal pension systems to tax only residents of the municipality.	Introduced and referred to House Finance Committee	04/02/12
H. B. 2453 P. N. 3734 (Kampf)	SERS, amending the Code to establish a mandatory defined contribution plan to be known as the State Employees' Defined Contribution Plan for state employees covered by Social Security and whose most recent period of State service starts on or after January 1, 2015. Employer contributions would be equal to 4% of salary, with employees able to contribute up to the limit allowable by law. Current SERS members would be eligible to participate in the new plan as well, with a 7% employer contribution credited for current service and 4% contribution for all subsequent State service.	Introduced and referred to House Finance Committee	06/13/12
H. B. 2454 P. N. 3735 (Kampf)	PSERS, amending the Code to establish a mandatory defined contribution plan to be known as the School Employees' Defined Contribution Plan for public school employees whose most recent period of public school service starts on or after July 1, 2015.	Introduced and referred to House Finance Committee	06/13/12

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
	Employer contributions would be equal to 4% of salary, with employees able to contribute up to the limit allowable by law. Current PSERS members would be eligible to participate in the new plan as well, with a 7% employer contribution credited for current service and 4% contribution for all subsequent school service.		
H. B. 2469 P. N. 4075 (Keller, F.)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding definitions for "felony offense" and "crime of violence."	Introduced and referred to House State Government Committee Reported as amended First Consideration	06/13/12 09/25/12 09/25/12
H. B. 2567 P. N. 3937 (DePasquale)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding to the list of criminal offenses any offense that requires registration under 42 PA.C.S. Sec. 9795.1 (relating to registration), and including the definition for public school.	Introduced and referred to House State Government Committee	08/09/12
H. B. 2591 P. N. 3980 (Godshall)	SERS, amending the Military and SERS Codes to bring SERS into compliance with the following Federal laws: 1) the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act); 2) the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA); and 3) Internal Revenue Code Section 414(u) [IRC §414(u)]. Additionally, the bill would require SERS to revert back to the method used to calculate the cost to purchase nonintervening military service that was in effect prior to the enactment of Act 120 of 2010.	Introduced and referred to House Finance Committee <b>Actuarial Note (P. N. 3980)</b> First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (197-0) Referred to Senate Finance Committee First Consideration Second Consideration Re-referred to Senate Appropriations Committee Third Consideration and Final Passage (49-0) Signed by the Governor (Act 181 of 2012)	09/05/12 09/19/12 09/25/12 10/02/12 10/02/12 10/03/12 10/10/12 10/15/12 10/16/12 10/17/12 10/17/12 10/24/12
H. B. 2608 P. N. 4008 (Everett)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by amending the act by adding a definition for "crimes of violence."	Introduced and referred to House State Government Committee	09/17/12
H. B. 2633 P. N. 4106 (Kampf)	An Act, establishing the Innovate Pennsylvania Program and providing for the sale of premium tax credits of up to \$35 million per year beginning after June 30, 2015, with the monies coming from the General Municipal Pension System State Aid Program.	Introduced and referred to House Finance Committee	09/27/12
H. B. 2692 P. N. 4269 (Gibbons)	PSERS and SERS, providing a supplemental annuity (COLA) to eligible annuitants, commencing with the first monthly annuity payment after July 1, 2012, with percentage increases ranging from 20% to 100%, depending upon the member's date of retirement and paid over a five-year period. An eligible annuitant is defined as any superannuation, withdrawal or disability annuitant who is receiv-	Introduced and referred to House State Government Committee	10/17/12

ing an annuity on July 1, 2012, and whose most recent effective date of retirement is prior to July 1, 2001. Annuitants with creditable service in Class T-D, Class D-4 or Class AA service would not be eligible to receive the supplemental annuity.

H.R. 180 P. N. 1395 (Benninghoff)	A House Resolution directing the Legislative Budget and Finance Committee to study the feasibility and cost-effectiveness of consolidating the State Employees' Retirement System and Public School Employees' Retirement System into one retirement system for the purposes of providing retirement benefits to both public school and State employees, and to report its findings to the House of Representatives by November 30, 2012.	Introduced and referred to House State Government Committee	04/05/11
H.R. 602 P. N. 3169 (Milne)	A resolution directing the Public Employee Retirement Commission (PERC), along with PSERS and SERS, to conduct a comprehensive study of the respective State-sponsored pension systems.	Introduced and referred to House State Government	03/12/12
H.R. 649 P. N. 3309 (Harhart)	A resolution directing the Joint State Government Commission to conduct a fiscal impact study on the investments and pension benefits provided by PSERS and SERS.	Introduced and referred to House State Government Committee	03/29/12
S. B. 197 P. N. 169 (Boscola)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding Section 13(a)(14), (30) or (37) of the Controlled Substance, Drug, Device, and Cosmetic Act "when the offense is committed by a school administrator on school property" to the definition of "Crimes related to public office or public employment."	Introduced and referred to Senate Finance Committee	01/20/11
S. B. 257 P. N. 234 (Erickson)	Emergency and Law Enforcement Death Benefits Act (Act 101 of 1976), providing a death benefit for the spouse or beneficiary of an ambulance service or rescue squad member working for a hospital killed in the performance of duty.	Introduced and referred to Senate Labor and Industry Committee	01/26/11
S. B. 669 P. N. 677 (Kasunic)	PSERS and SERS, mandating the payment of annual CPI-based COLAs to eligible annuitants of both Systems beginning July 1, 2011.	Introduced and referred to Senate Finance Committee	02/25/11
S. B. 670 P. N. 678 (Kasunic)	PSERS and SERS, amending the Codes of both systems to, beginning July 1, 2011, provide for mandatory, permanent, bi-annual cost-of-living adjustments equal to the change in CPI and payable to all annuitants of both systems.	Introduced and referred to Senate Finance Committee	02/25/11
S. B. 672 P. N. 680 (Kasunic)	An Act establishing the Annual Municipal Employee Postretirement Adjustment Act, mandating the payment of annual cost-of-living adjustments to all retired municipal employees of any borough, city, incorporated	Introduced and referred to Senate Finance Committee	02/25/11

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
	town or township by municipal retirement systems in amounts equal to the change in the CPI up to a maximum of 5% annually; mandating actuarial funding and reporting pursuant to Act 205; establishing a separate postretirement adjustment ledger account; providing for funding of the postretirement adjustments by deducting the required sums from funds available for General Municipal Pension System State Aid; and making repeals.		
S. B. 766 P. N. 780 (Stack)	Emergency and Law Enforcement Personnel Death Benefits Act (Act 101 of 1976), increasing the survivor benefits from \$100,000 to \$250,000, the maximum benefit payable in the event an eligible public safety officer dies in the line of duty.	Introduced and referred to Senate Labor and Industry Committee	03/07/11
S. B. 770 P. N. 784 (Stack)	PSERS and SERS, providing for the payment of annual, CPI-based supplemental annuities to all eligible annuitants of both systems beginning July 1, 2012, and annually, thereafter.	Introduced and referred to Senate Finance Committee	03/07/11
S. B. 867 P. N. 934 (White, D.)	SERS, establishing a mandatory defined contribution retirement program for persons who become members of the General Assembly after December 1, 2012, or who are re-elected to serve as a member of the General Assembly beginning on or after December 1, 2012. Matching employer contributions shall not exceed 4% of the member's compensation, while members can contribute to the program to the extent permitted by law.	Introduced and referred to Senate Finance Committee	03/28/11
S. B. 874 P. N. 2304 (Eichelberger)	The Third Class City Code (Act 317 of 1931), reenacting and amending the Code.	Introduced and referred to Senate Local Government Committee <b>Commission Letter (P. N. 890)</b> Reported as amended First Consideration Second Consideration Re-referred to Senate Appropriations Committee	03/22/11 11/07/11 06/19/12 06/19/12 06/26/12 06/27/12
S. B. 893 P. N. 905 (Farnese)	Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984), permitting an active member of a retirement system of a first class city (Philadelphia) to purchase up to 10 years of prior service with the military; or as an employee of the Federal Government, State or political subdivision within the Commonwealth or a public school within the Commonwealth. Credited service may only be purchased if the member is currently vested in a retirement system and only for service for which the member is not entitled to a vested pension from another employer.	Introduced and referred to Senate Finance Committee	03/23/11

BILL NUMBER  
 PRINTER'S NUMBER  
 (PRIME SPONSOR)

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
S. B. 953 P. N. 1024 (Brubaker)	PSERS, amending the Code to increase the number of hours required for mandatory membership in the System for any school employee who is not a member of the system and is employed on a per diem or hourly basis, from 500 to 1,000 hours in any fiscal year.	Introduced and referred to Senate Finance Committee	04/08/11
S. B. 958 P. N. 1028 (Tartaglione)	Pennsylvania Conservation Corps Act (Act 112 of 1984), beginning July 1, 2011, and prospective only, providing for mandatory membership in SERS for Pennsylvania Conservation Corps "crewleaders," and authorizing the provision of state healthcare benefits for crewleaders.	Introduced and referred to Senate Labor and Industry Committee	04/11/11
S. B. 1055 P. N. 1191 (Corman)	SERS, making an appropriation from the State Employees' Retirement Fund in the amount of \$27,320,000, to provide for expenses of the State Employees' Retirement Board for the fiscal year beginning July 1, 2011.	Introduced and referred to Senate Appropriations Committee First Consideration Second Consideration Third Consideration and Final Passage (49-0) Referred to House Appropriations Committee First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (197-0) Signed by the Governor (Act 2A of 2011)	05/10/11 05/23/11 05/24/11 06/06/11 06/07/11 06/14/11 06/21/11 06/21/11 06/23/11 06/30/11
S. B. 1056 P. N. 1192 (Corman)	PSERS, making an appropriation from the Public School Employees' Retirement Fund in the amount of \$44,107,000, to provide for expenses of the Public School Employees' Retirement Board for the fiscal year beginning July 1, 2011.	Introduced and referred to Senate Appropriations Committee First Consideration Second Consideration Third Consideration and Final Passage (49-0) Referred to House Appropriations Committee First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (198-0) Signed by the Governor (Act 3A of 2011)	05/10/11 05/23/11 05/24/11 06/06/11 06/07/11 06/14/11 06/21/11 06/21/11 06/30/11 06/30/11
S. B. 1072 P. N. 1352 (Costa)	Second Class County Code, amending the definition of "compensation" to exclude overtime pay from the calculation of a member's retirement benefit; increasing the superannuation requirement for new members to age 60 with 25 years of service; increasing the vesting period to 10 years; further providing for the calculation of retirement allowances; and further providing for membership of the Allegheny County Retirement Board.	Introduced and referred to Senate Finance Committee <b>Actuarial Note (P. N. 1352)</b>	06/15/11 11/17/11

BILL NUMBER  
 PRINTER'S NUMBER  
 (PRIME SPONSOR)

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

S. B. 1114 P. N. 2379 (Ward)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding to the list of criminal offenses any offense relating to the sexual abuse of children.	Introduced and referred to Senate Finance Committee	09/21/12
S. B. 1197 P. N. 1490 (Stack)	Emergency and Law Enforcement Death Benefits Act (Act 101 of 1976), providing a death benefit for the spouse or beneficiary of a natural gas responder killed in the performance of duty.	Introduced and referred to Senate Veterans Affairs and Emergency Preparedness Committee	08/02/11
S. B. 1215 P. N. 1501 (Solobay)	Title 71 (State Government), defining "Commonwealth firefighter or firefighter instructor" and providing age 50 superannuation retirement benefits to certain Commonwealth firefighters or firefighter instructors.	Introduced and referred to Senate Finance Committee	08/03/11
S. B. 1240 P. N. 1515 (Solobay)	SERS, permitting the purchase of nonstate service for certain periods of previous service as a mine worker.	Introduced and referred to Senate Finance Committee	09/06/11
S. B. 1284 P. N. 2404 (McIlhinney)	SERS, amending the Military and SERS Codes to bring SERS into compliance with the following Federal laws: 1) the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act); 2) the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA); and 3) Internal Revenue Code Section 414(u) [IRC §414(u)]. Additionally, the bill would require SERS to revert back to the method used to calculate the cost to purchase nonintervening military service that was in effect prior to the enactment of Act 120 of 2010.	Introduced and referred to Senate Finance Committee First Consideration Re-referred to Senate Appropriations Committee	09/24/12 10/03/12 10/15/12
S. B. 1290 P. N. 1679 (Farnese)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding to the list of criminal offenses any offense that requires registration under 42 PA.C.S. Sec. 9795.1 (relating to registration).	Introduced and referred to Senate Finance Committee	10/18/11
S. B. 1321 P. N. 2237 (Earll)	Municipalities Financial Recovery Act (Act 47 of 1987), amending the act to ensure a collective bargaining contract or a collective bargaining arbitration award rendered after the adoption of a plan shall not in any manner violate, expand or diminish the recovery plan's provisions, except under specific conditions for arbitration settlements rendered under Act 111 of 1968. A collective bargaining agreement, contract or settlement in existence in a municipality or an arbitration award in effect in a municipality prior to a consolidation or merger shall remain effective after consolidation or merger until it expires.	Introduced and referred to Senate Local Government Committee Reported as amended First Consideration <b>Commission Letter (P. N. 1750)</b> Second Consideration Re-referred to Senate Appropriations Committee Reported as amended Floor amendment adopted Third Consideration and Final Passage (47-1) Referred to House Urban Affairs Committee First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (191-0)	10/31/11 11/01/11 11/01/11 11/03/11 12/05/11 12/05/11 05/22/12 06/04/12 06/05/12 06/06/12 06/13/12 06/20/12 06/20/12 06/20/12 06/21/12

**SYNOPSIS**

**CONCISE STATUS AND HISTORY**

**DATE**

BILL NUMBER PRINTER'S NUMBER (PRIME SPONSOR)	SYNOPSIS	CONCISE STATUS AND HISTORY	DATE
		Signed by the Governor (Act 133 of 2012)	07/05/12
S. B. 1390 P. N. 1924 (Williams)	PSERS, providing for the creation, funding and operation of a supplemental annuity advance funding account from which all future supplemental annuities (COLAs) will be paid.	Introduced and referred to Senate Finance Committee	01/26/12
S. B. 1396 P. N. 1926 (Argall)	PSERS and SERS, authorizing certain annuitant associations to obtain annuitant data from the system for the purpose of promoting membership in the annuitant associations.	Introduced and referred to Senate Finance Committee	01/26/12
S. B. 1397 P. N. 1957 (McIlhinney)	SERS, amending the definition of "enforcement officer" to include officers of the Pennsylvania Game Commission.	Introduced and referred to Senate Finance Committee	02/13/12
S. B. 1408 P. N. 1938 (Vance)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding a definition for "infamous crime."	Introduced and referred to Senate Finance Committee	02/02/12
S. B. 1472 P. N. 2066 (Corman)	SERS, making an appropriation from the State Employees' Retirement Fund in the amount of \$23,660,000, to provide for expenses of the State Employees' Retirement Board for the fiscal year beginning July 1, 2012.	Introduced and referred to Senate Appropriations Committee First Consideration Second Consideration Reported as Committed Third Consideration and Final Passage (47-0) Referred to House Appropriations Committee Reported as committed First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage (197-0) Signed by the Governor (Act 1A of 2012)	03/30/12 04/02/12 04/03/12 05/08/12 05/09/12 05/10/12 05/22/12 05/22/12 06/04/12 06/04/12 06/05/12 06/13/12
S. B. 1473 P. N. 2067 (Corman)	PSERS, making an appropriation from the Public School Employees' Retirement Fund in the amount of \$44,144,000, to provide for expenses of the Public School Employees' Retirement Board for the fiscal year beginning July 1, 2012.	Introduced and referred to Senate Appropriations Committee First Consideration Second Consideration Reported as Committed Third Consideration and Final Passage (47-0) Referred to House Appropriations Committee Reported as committed First Consideration Second Consideration Re-referred to House Appropriations Committee Third Consideration and Final Passage Signed by the Governor (Act 2A of 2012)	03/30/12 04/02/12 04/03/12 05/08/12 05/09/12 05/10/12 05/22/12 05/22/12 06/04/12 06/04/12 06/05/12 06/13/12
S. B. 1540 P. N. 2324 (Browne)	An Act, would amend Title 71 (State Government) by adding a new part, Part 27, titled "Unified Contribution Pension Plan." Chapter 71 of Part 27 would establish a new manda-	Introduced and referred to Senate Finance Committee	06/25/12

tory retirement system applicable to newly hired school and state employees and employees reentering public service after November 30, 2012. The new retirement system established by the bill, known as the Public Employees' Retirement System (PERS), would be a defined contribution (DC) pension plan with an employer matching 6% contribution rate.

S. B. 1595 P. N. 2407 (McIlhinney)	Public Employee Pension Forfeiture Act (Act 140 of 1978), amending the act by adding definitions for "school employee" and "student."	Introduced and referred to Senate Finance Committee First Consideration	09/25/12 10/03/12
S. B. 1601 P. N. 2444 (Blake)	City of Scranton, changing certain eligibility requirements for the purchase of nonintervening military service credit by members who are policemen or firemen by removing the requirement that the member must have become a city employee within three years of release of active duty and inserting language mandating that the city permit the purchase and crediting of certain military service.	Introduced and referred to Senate Finance Committee	10/02/12
S. B. 1602 P. N. 2445 (Blake)	City of Scranton, amending the Second Class City A Employee Pension Law, removing the statutory three year limit within which a member must commence employment with the city following military service in order to be eligible to purchase service credit for nonintervening military service and mandating that the city permit eligible active members to purchase up to five years of nonintervening military service credit.	Introduced and referred to Senate Finance Committee	10/02/12

# APPENDIX E

## CONCISE INDEX TO ACTUARIAL NOTES

---

	Page
<b>MEMBERSHIP PROVISIONS</b>	
<u>SERS – Early Retirement Eligibility for Liquor Control Board Employees</u>	
Amendment Number 11448 to House Bill Number 11, Printer’s Number 2889.....	5
<u>SERS – Service Credit Purchase for Military Service</u>	
House Bill Number 2591, Printer’s Number 3980.....	10
<b>STATE EMPLOYEES' RETIREMENT CODE</b>	
<u>Membership Provisions – Early Retirement Eligibility</u>	
Amendment Number 11448 to House Bill Number 11, Printer’s Number 2889.....	5
<u>Membership Provisions – Service Credit Purchase for Military Service</u>	
House Bill Number 2591, Printer’s Number 3980.....	10
<b>STATE EMPLOYEES' RETIREMENT SYSTEM (SERS)</b>	
– SEE STATE EMPLOYEES' RETIREMENT CODE .....	51