

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 864 Session of 2023

INTRODUCED BY MUTH, KANE, TARTAGLIONE, FONTANA, COLLETT, DILLON,  
COSTA, CAPPELLETTI, SAVAL, L. WILLIAMS, COMMITTA, STREET,  
SANTARSIERO, BREWSTER AND SCHWANK, SEPTEMBER 7, 2023

REFERRED TO FINANCE, SEPTEMBER 7, 2023

AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated  
2 Statutes, in membership, contributions and benefits,  
3 providing for supplemental annuity commencing 2023.

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

6 Section 1. Title 24 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a section to read:

8 § 8348.8. Supplemental annuity commencing 2023.

9 (a) Benefits.--Commencing with the first monthly annuity  
10 payment after July 1, 2023, an eligible benefit recipient shall  
11 be entitled to receive an additional monthly supplemental  
12 annuity from the system. The additional monthly supplemental  
13 annuity under this section shall be in addition to the  
14 supplemental annuities provided for under sections 8348  
15 (relating to supplemental annuities), 8348.1 (relating to  
16 additional supplemental annuities), 8348.2 (relating to further  
17 additional supplemental annuities), 8348.3 (relating to  
18 supplemental annuities commencing 1994), 8348.4 (relating to

1 special supplemental postretirement adjustment), 8348.5  
2 (relating to supplemental annuities commencing 1998), 8348.6  
3 (relating to supplemental annuities commencing 2002) and 8348.7  
4 (relating to supplemental annuities commencing 2003).

5 (b) Amount of additional supplemental annuity.--The amount  
6 of the supplemental annuity payable under this section shall be  
7 a percentage of the amount of the monthly annuity payment on  
8 July 1, 2023, determined on the basis of the most recent  
9 effective date of retirement as follows:

<u>Most recent effective date</u>	<u>Percentage factor</u>
<u>of retirement</u>	
<u>July 2, 2000, through July 1, 2001</u>	<u>15%</u>
<u>July 2, 1999, through July 1, 2000</u>	<u>15.5%</u>
<u>July 2, 1998, through July 1, 1999</u>	<u>16%</u>
<u>July 2, 1997, through July 1, 1998</u>	<u>16.5%</u>
<u>July 2, 1996, through July 1, 1997</u>	<u>17%</u>
<u>July 2, 1995, through July 1, 1996</u>	<u>17.5%</u>
<u>July 2, 1994, through July 1, 1995</u>	<u>18%</u>
<u>July 2, 1993, through July 1, 1994</u>	<u>18.5%</u>
<u>July 2, 1992, through July 1, 1993</u>	<u>19%</u>
<u>July 2, 1991, through July 1, 1992</u>	<u>19.5%</u>
<u>July 2, 1990, through July 1, 1991</u>	<u>20%</u>
<u>July 2, 1989, through July 1, 1990</u>	<u>20.5%</u>
<u>July 2, 1988, through July 1, 1989</u>	<u>21%</u>
<u>July 2, 1987, through July 1, 1988</u>	<u>21.5%</u>
<u>July 2, 1986, through July 1, 1987</u>	<u>22%</u>
<u>July 2, 1985, through July 1, 1986</u>	<u>22.5%</u>
<u>July 2, 1984, through July 1, 1985</u>	<u>23%</u>
<u>July 2, 1983, through July 1, 1984</u>	<u>23.5%</u>
<u>July 2, 1982, through July 1, 1983</u>	<u>24%</u>

1 Prior to July 2, 1982 24.5%

2 (c) Payment.--The supplemental annuity provided under this  
3 section shall be paid automatically by the Commonwealth unless  
4 the annuitant files a written notice with the board requesting  
5 that the additional monthly supplemental annuity not be paid.

6 (d) Conditions.--The supplemental annuity provided under  
7 this section shall be payable under the same terms and  
8 conditions as provided under the option plan in effect as of  
9 July 1, 2023, and shall be subject to any subsequent  
10 modification of that option plan.

11 (e) Benefits to beneficiaries or survivors.--No supplemental  
12 annuity provided under this section shall be payable to the  
13 beneficiary or survivor annuitant of a member who dies before  
14 July 1, 2023.

15 (f) Funding.--Notwithstanding any other provision of law to  
16 the contrary, the additional liability for the increase in  
17 benefits provided under this section shall be funded by the  
18 Commonwealth in equal dollar annual installments over a period  
19 of 10 years beginning July 1, 2024.

20 (g) Eligible benefit recipient.--

21 (1) An eligible benefit recipient is an individual:

22 (i) who is receiving a superannuation, withdrawal or  
23 disability annuity on July 1, 2023;

24 (ii) whose most recent effective date of retirement  
25 is prior to July 2, 2001; and

26 (iii) whose credited service does not include any  
27 service credited as either Class T-D, Class D-4 or Class  
28 AA service.

29 (2) A supplemental annuity provided under this section  
30 shall not be payable to an annuitant receiving a withdrawal

1 annuity prior to the first day of July coincident with or  
2 following the annuitant's attainment of superannuation age.

3 (h) Automatic cost-of-living adjustment.--

4 (1) Notwithstanding any provision of law, beginning July  
5 1, 2024, and every three years thereafter, the annuity of an  
6 individual who is receiving a superannuation, withdrawal or  
7 disability annuity, has at least 10 years of credited service  
8 and has been receiving an annuity for at least five years  
9 shall be increased by a cost-of-living factor which shall be  
10 determined by increasing the individual's annuity by the  
11 average percentage change in the Consumer Price Index for All  
12 Urban Consumers (CPI-U) for the Pennsylvania, New Jersey,  
13 Delaware and Maryland area, officially reported by the United  
14 States Department of Labor, Bureau of Labor Statistics for  
15 the preceding three-year period.

16 (2) For an individual who becomes eligible for the cost-  
17 of-living factor under paragraph (1) after July 1, 2024, the  
18 cost-of-living factor shall be applied beginning on January 1  
19 following the fifth anniversary of the individual's initial  
20 annuity payment under section 8342 (relating to maximum  
21 single life annuity), and every three years thereafter.

22 (3) The cost-of-living factor under this subsection may  
23 never exceed 7% or be less than a 1% increase.

24 (4) If an annuitant's annual payment exceeds the median  
25 income of Pennsylvania wage earners based on data from the  
26 2020 and then most current thereafter Federal decennial  
27 census at the time that the cost-of-living factor is being  
28 added, the cost-of-living factor may only be added to that  
29 portion of the annuity that is below the median income.

30 (5) As used in this subsection, the term "annuity" shall

1 include an individual's initial annuity under section 8342 as  
2 well as all prior supplemental annuities and cost-of-living  
3 adjustments.

4 Section 2. This act shall take effect immediately.