PART X. STATE EMPLOYEES’ RETIREMENT BOARD

Chap. Sec.
241. PRELIMINARY PROVISIONS ........................................... 241.1
243. MEMBERSHIP, CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR BENEFITS ....................... 243.1
245. CONTRIBUTIONS .................................................. 245.1
247. BENEFITS ...................................................... 247.1
249. ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS ................................................ 249.1
250. SPECIAL RULES OF ADMINISTRATIVE PRACTICE AND PROCEDURE ................................................ 250.1

Authority
The provisions of this Part X issued under State Employees’ Retirement Code, 71 Pa.C.S. § 5902(h), unless otherwise noted.

Source
The provisions of this Part X adopted September 27, 1974, 4 Pa.B. 2074, unless otherwise noted.

CHAPTER 241. PRELIMINARY PROVISIONS

Sec.
241. Definitions.

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

Active member—Employees on intervening military service or studying under a Federal grant as defined in section 5302(b) of the code (relating to credited State service) provided the member, in all cases, makes contributions while in the service.

Actuarially equivalent—Annuities of equal present value determined by multiplying the annual amount of the annuity by the appropriate cost factor for an annuity of $1 based on mortality tables currently adopted and used by the Board.

Annuitant—A member on or after the effective date of retirement who was formerly a State employee, excluding a beneficiary or survivor annuitant.

Basic contribution rate—The rate shall be 5%, except that in no case may a member be required to contribute, excluding contributions for Social Security integration credit, at a rate greater than the member’s contribution rate on March 1, 1974. This rate may not be applicable to those who became members of the System prior to June 1, 1948, at age 26 or younger who did not, under prior law, elect additional coverage (SSI). It shall be applicable to those in the

(348049) No. 426 May 10
joint coverage group except that the appropriate offset factor shall be deducted on earnings covered by Federal Social Security.

**Beneficiary**—The person or persons, as defined in 1 Pa.C.S. § 1991 (relating to definitions), last designated in writing to the Board by a member to receive the member's accumulated deductions or a lump sum benefit upon the death of the member.

**Board**—The State Employees' Retirement Board required under the code to administer the System.

**Code**—71 Pa.C.S. §§ 5101—5956 (relating to State Employees’ Retirement Code).

**Compensation**—Limited to salary or wages received for services performed as an employee, but excluding monies received for bonuses, cash awards or similar emoluments.

**Date of termination of service**—The last day of service for which an active member makes contributions; or in the case of an inactive member on leave without pay, the date of resignation or the date employment is formally discontinued by the employer; or the date a member is placed on furlough.

**Effective date of disability retirement**—The date following the last day for which compensation was paid or the date on which the member filed an effective application for disability benefits, whichever is later.

**Final average salary**—In the case of a part-time employee, the salary shall be annualized by multiplying the employee's actual earnings by the reciprocal of the fractional portion of full time compensation or the percentage of service credit earned, whichever is higher, during nonoverlapping periods of 4 consecutive calendar quarters during which the member was a State employee.

**Inactive member**—A member who is on furlough and has elected to leave his accumulated deductions in the fund at statutory interest during the furlough period. The furlough period may not exceed 1 year.

**Member's annuity**—Determined by dividing the member's regular accumulated deductions and Social Security integration accumulated deductions by the cost of a $1 annuity factor based on the member's nearest age and sex at the effective date of retirement and computed on the basis of statutory interest and the mortality tables adopted and used by the Board.

**Optional alternate retirement program**—An independent retirement program limited to certain designated employees and officers of the Pennsylvania State University, Indiana University, the State Colleges and the Department of Education, as shall be approved by the governing body of the institution or the Secretary of Education, as the case may be.

**Statutory interest**—As applied to a member’s contributions, means interest at 4% per annum compounded annually which shall be calculated as follows: the sum of the balance of the accumulated deductions at the conclusion of the previous year and the mean balance of the current year’s contributions multiplied
by 4% times the fractional part of year for which the contributor was a member, including one on leave without pay subsequent to July 1, 1974.

System—The State Employees’ Retirement System of Pennsylvania as established by the act of June 27, 1923 (P. L. 858, No. 331), and codified by the act of June 1, 1959 (P. L. 392, No. 78), and this title.

Vestee—A member with ten or more eligibility points who has terminated State service and has elected to leave his total accumulated deductions in the fund and to defer receipt of an annuity, provided the election is made within 90 days after the effective date of termination of service. In absence of an election, a terminated State employee is not entitled to vest. The employee shall, however, be eligible to file for an annuity benefit or return of accumulated contributions as they stood at termination of service, at a later date, but is not eligible for death benefits beyond 90 days after termination of service or the accumulation of interest beyond the date of termination of service. In the event the employee applies for an annuity, it shall take effect upon filing of the application.

Authority
The provisions of this § 241.1 amended under 71 Pa.C.S. § 5902(h), unless otherwise noted.

Source

Notes of Decisions

Compensation
“Bonuses” should be interpreted narrowly in order to comply with both the language and the purpose of the statute. Beardsley v. State Employees’ Retirement Board, 691 A.2d 1016 (Pa. Cmwlth. 1997).

Court awards given to an individual for the breach of an employment contract provision on rehiring is considered compensation for the time period of the breach and will be credited as wages for the services that would have been performed during that period. Miller v. State Employee’s Retirement System, 626 A.2d 679 (Pa. Cmwlth. 1993).

Scope
Although not per se invalid, this section should only be utilized in determining the effective date of retirement in retirement annuity cases and was therefore inapplicable to State employees’ determination of temporary disability claim. Kern v. State Employees’ Retirement Board, 541 A.2d 1185 (Pa. Cmwlth. 1988).

Cross References
This section cited in 4 Pa. Code § 243.6 (relating to creditable nonstate service).