

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1863 Session of  
1991

INTRODUCED BY KAISER, ROBINSON, BELFANTI, TIGUE, HECKLER, FARGO,  
SCHEETZ, LAUGHLIN, STABACK, KRUSZEWSKI, VEON AND PISTELLA,  
JULY 2, 1991

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JULY 2, 1991

AN ACT

1 Amending the act of February 1, 1974 (P.L.34, No.15), entitled  
2 "An act creating a Pennsylvania Municipal Retirement System  
3 for the payment of retirement allowances to officers,  
4 employes, firemen and police of political subdivisions and  
5 municipal authorities and of institutions supported and  
6 maintained by political subdivisions and municipal government  
7 associations and providing for the administration of the same  
8 by a board composed of the State Treasurer and others  
9 appointed by the Governor; imposing certain duties on the  
10 Pennsylvania Municipal Retirement Board and the actuary  
11 thereof; providing the procedure whereby political  
12 subdivisions and municipal authorities may join such system,  
13 and imposing certain liabilities and obligations on such  
14 political subdivisions and municipal authorities in  
15 connection therewith, and as to certain existing retirement  
16 and pension systems, and upon officers, employes, firemen and  
17 police of such political subdivisions, institutions supported  
18 and maintained by political subdivisions, and upon municipal  
19 authorities; providing for the continuation of certain  
20 municipal retirement systems now administered by the  
21 Commonwealth; providing certain exemptions from taxation,  
22 execution, attachment, levy and sale and providing for the  
23 repeal of certain related acts," allowing municipal employees  
24 who were formerly State employees to buy years of State  
25 service and be credited with this service for municipal  
26 retirement system purposes.

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

29 Section 1. Section 204 of the act of February 1, 1974

(P.L.34, No.15), known as the Pennsylvania Municipal Retirement Law, amended May 17, 1980 (P.L.135, No.50), is amended to read:

Section 204. Service Allowance; Change of Employment; Military Service.--(a) In computing the length of service of a contributor for retirement purposes, full credit shall be given to each original member for each year of service rendered to the municipality prior to the time the municipality joined the system, whether or not such service was continuous.

(b) As soon as practicable, the board shall issue to each original member a certificate certifying the aggregate length of service rendered to the municipality prior to the time it joined the system. Such certificate shall be final and conclusive as to his prior service unless thereafter modified by the board, upon application of the member.

(c) The time during which a member was absent from service without pay shall not be counted in computing the service of a contributor in his certificate, or upon retirement, unless specifically allowed by the municipality, with the approval of the board.

(d) When a contributor leaves the employ of a municipality which has joined the system, and enters into the employ of another municipality which has also joined the system, his service credits shall remain unimpaired, but in such cases the unpaid municipal liability for prior service shall be prorated by the board between the municipalities on an equitable basis. Such basis will be determined, with the advice of the actuary, according to the number of years of service performed by the contributor for each municipality.

(e) A contributor who has been employed by a municipality for a period of at least six months, who is an active member of

1 the system and who, prior to municipal employment, was an  
2 employee of the Commonwealth and was an active member of the  
3 State Employees' Retirement System under 71 Pa.C.S. (relating to  
4 State Government) may file an application with the board for  
5 permission to purchase shares in the municipal system for time  
6 spent in State service. For purposes of computing the employee's  
7 years of municipal service, the board shall carry over the  
8 employee's years of State service and combine it with the  
9 employee's years of municipal service to determine the years  
10 toward retirement which the municipal employee has accumulated.

11     (f) A contributor who has been employed by a municipality  
12 for a period of at least six months and is an active member of  
13 the system and who thereafter, heretofore, or hereafter, shall  
14 be inducted into the military service of the United States in  
15 times of war, armed conflict, or National emergency, so  
16 proclaimed by the President of the United States, shall have  
17 credited to his employment record, for pension or retirement  
18 benefits, all of the time spent by him in such military service  
19 during the continuance of such war, armed conflict, or National  
20 emergency if such person returns or has heretofore returned to  
21 his employment within six months after his separation from the  
22 service. The municipality shall, during the period of the  
23 member's intervening military service, continue to make current  
24 service contributions toward the municipal annuity of the  
25 member. An active member may file an application with the board  
26 for permission to purchase credit toward his member's share of  
27 the annuity for intervening military service. These  
28 contributions shall be computed by applying the member's  
29 contribution rate to his annual rate of compensation at the time  
30 of entry of the member into active military service, and

1 multiplying the result by the number of years and fractional  
2 part of a year of creditable intervening military service,  
3 together with interest from date of return to employment to date  
4 of purchase. The amount due from the member shall be certified  
5 by the board in accordance with methods approved by the actuary,  
6 and may be paid by (1) regular monthly payments during active  
7 military service, or (2) a lump sum payment within thirty days  
8 or (3) it may be amortized with additional interest through  
9 salary deductions in amounts agreed upon by the member of the  
10 board.

11 (g) An active member may also purchase credit for other than  
12 intervening military service performed for the United States in  
13 times of war, armed conflict or National emergency, so  
14 proclaimed by the President of the United States, for a period  
15 not to exceed five years: Provided, That the member has  
16 completed five years of service to the municipality subsequent  
17 to such military service. An active member may file an  
18 application with the board for permission to purchase credit for  
19 nonintervening military service upon completion of five years of  
20 subsequent service to the municipality. The type of service  
21 credit for such service shall be determined by the date of entry  
22 of the municipality into the system. If the date of the member's  
23 separation from military service is prior to the date on which  
24 the municipality joined the system, then the credit purchased  
25 shall be considered as prior service credit. In this case the  
26 amount due from the member shall be computed by applying the  
27 member's basic contribution rate plus the rate of contribution  
28 the municipality paid for current service during its first year  
29 of entry into the system to his prior salary and multiplying the  
30 result by the number of years and fractional part of a year of

1 creditable nonintervening military service, plus interest from  
2 the date of the member's employment by the municipality to the  
3 date of purchase. If, on the other hand, the date of the  
4 member's separation from military service is later than the date  
5 of entry of the municipality into the system, then the credit  
6 purchased shall be considered as current service credit. In this  
7 case the amount due from the member shall be computed by  
8 applying the member's basic contribution rate plus the  
9 municipality's normal contribution rate for current service  
10 which was in effect on the date of the member's entry into  
11 employment with the municipality to his average annual rate of  
12 compensation over the first five years of his subsequent  
13 employment and multiplying the result by the number of years and  
14 fractional part of a year of creditable nonintervening military  
15 service being purchased, plus interest from the date of  
16 employment by the municipality to date of purchase.

17 (h) The amount due from the member shall be certified by the  
18 board in accordance with methods approved by the actuary, and  
19 may be paid in a lump sum within thirty days or it may be  
20 amortized with additional interest through salary deductions in  
21 amounts agreed upon by the member and the board.

22 (i) The rate of interest to be charged to members on their  
23 purchase of credit for intervening or nonintervening military  
24 service shall be the rate being credited by the system to  
25 member's contribution accounts in effect on the date of the  
26 member's application, compounded annually.

27 (j) A member may purchase credit for intervening or  
28 nonintervening military service only if his discharge or  
29 separation from the service was granted under other than  
30 dishonorable conditions.

1       (k) A member may not purchase credit for any military  
2 service for which he is entitled to receive, eligible to receive  
3 now or in the future, or is receiving retirement benefits for  
4 such service under a retirement system administered and wholly  
5 or partially paid for by any other governmental agency, or  
6 private employer.

7       (l) Applications for permission to purchase credit for  
8 military service must be accompanied by proof of the nature of  
9 his discharge or separation from the military service.

10       Section 2. This act shall take effect in 120 days.