

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1884 Session of 2009

INTRODUCED BY HARHAI, JULY 22, 2009

REFERRED TO COMMITTEE ON APPROPRIATIONS, JULY 22, 2009

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," further providing for  
 24 general provisions, for provisions relating to municipal  
 25 employees, for provisions relating to municipal firemen and  
 26 municipal police officers and for optional retirement plans;  
 27 providing for the Municipal Pension Recovery Program and for  
 28 the Cooperative Municipal Pension and Security Program; and  
 29 making editorial changes.

30 The General Assembly of the Commonwealth of Pennsylvania  
 31 hereby enacts as follows:

32 Section 1. The title of the act of February 1, 1974 (P.L.34,

No.15), known as the Pennsylvania Municipal Retirement Law, is amended to read:

AN ACT

Creating a Pennsylvania Municipal Retirement System for the payment of retirement allowances to officers, [employees] employees, [firemen] fire fighters and police officers of political subdivisions and municipal authorities and of institutions supported and maintained by political subdivisions and municipal government associations and providing for the administration of the same by a board composed of the State Treasurer and others appointed by the Governor; imposing certain duties on the Pennsylvania Municipal Retirement Board and the actuary thereof; providing the procedure whereby political subdivisions and municipal authorities may join such system, and imposing certain liabilities and obligations on such political subdivisions and municipal authorities in connection therewith, and as to certain existing retirement and pension systems, and upon officers, [employees, firemen] employees, fire fighters and police officers of such political subdivisions, institutions supported and maintained by political subdivisions, and upon municipal authorities; providing for the continuation of certain municipal retirement systems now administered by the Commonwealth; providing certain exemptions from taxation, execution, attachment, levy and sale and providing for the Municipal Pension Recovery Program, for the Cooperative Municipal Pension and Security Program and the repeal of certain related acts.

Section 2. Section 102 of the act, amended or added December 19, 1975 (P.L.520, No.153) and May 17, 1980 (P.L.135, No.50), is

1 amended to read:

2 Section 102. Definitions.--As used in this act:

3 "Accumulated [deductions" means the] deductions." Either of  
4 the following:

5 (1) The total amount deducted from the salary or  
6 compensation of the [contributor] member and paid over by the  
7 municipality or paid by the member or from any existing pension  
8 or retirement system directly into the retirement fund and  
9 credited to the member's account, together with regular interest  
10 thereon, for those member accounts established under the  
11 provisions of a retirement plan established under Article II,  
12 Article III, Article IV or Article IV-A of this act unless  
13 interest is excluded in a contract for an optional retirement  
14 plan entered into under the provisions of clause (11) of section  
15 104 of this act or under the Municipal Pension Recovery Program  
16 established under Article IV-A of this act.

17 (2) For those member accounts established under the  
18 provisions of a retirement plan established under Article IV-B  
19 of this act, the term shall mean the total amount deducted from  
20 the salary or compensation of the member and paid over by the  
21 municipality or paid by the member or from any existing pension  
22 or retirement system directly into the retirement fund and  
23 credited to the member's account, together with statutory  
24 interest thereon.

25 "Active member." A municipal employee, municipal fire  
26 fighter, municipal police officer or an employee of a municipal  
27 government association who is earning credited service in a  
28 retirement plan that has been established under the provisions  
29 of this act.

30 "Actuarially [sound" means a] sound." A plan which is being

1 operated under supervision of an actuary and which is being  
2 funded annually at a level not lower than the normal cost of the  
3 plan plus a contribution towards the unfunded accrued liability  
4 sufficient to complete the funding thereof in accordance with  
5 the provisions of the act of December 18, 1984 (P.L.1005,  
6 No.205), known as the "Municipal Pension Funding Standard and  
7 Recovery Act," if the plan is subject to the provisions of that  
8 act and if the plan is not subject to that act, within thirty  
9 years of the effective date of enrollment in the system. If the  
10 unfunded accrued liability is increased subsequent to the  
11 effective date of the system, such additional liability shall be  
12 funded in accordance with the provisions of the "Municipal  
13 Pension Funding Standard and Recovery Act," if the plan is  
14 subject to the provisions of that act and if the plan is not  
15 subject to that act, within a period of thirty years from the  
16 effective date of the increase. [If deemed advisable by the  
17 actuary, the initial liability and any increase thereof, may be  
18 combined and amortized over a period of years, not to exceed  
19 thirty.]

20 ["Actuary" means: (i)] "Actuary." Any of the following:

21 (1) a member of the American Academy of Actuaries[, or  
22 (ii)];

23 (2) an individual who has demonstrated to the satisfaction  
24 of the Insurance Commissioner of Pennsylvania that he had the  
25 educational background necessary for the practice of actuarial  
26 science and has had at least seven years of actuarial  
27 experience[, or (iii)]; or

28 (3) a firm, partnership or corporation of which one or more  
29 members meets the requirements of [subclauses (i) or (ii) above]  
30 clause (1) or (2).

1     "Alternate payee." Any spouse, former spouse, child or  
2     dependent of a member who is recognized by an approved domestic  
3     relations order as having a right to receive all or a portion of  
4     the moneys payable to that member under this act.

5     ["Annuitant" means a former contributor in receipt of a  
6     superannuation retirement allowance or other benefit provided by  
7     this act.]

8     "Annuitant." Any member on or after the effective date of  
9     retirement until the member's annuity is terminated.

10    "Approved domestic relations order." Any domestic relations  
11    order which has been approved in accordance with this act.

12    ["Beneficiary" means a person] "Beneficiary." A person who  
13    is last designated in writing to the board by a [contributor or  
14    an annuitant] member to receive benefits [after] or the member's  
15    accumulated deductions upon the death of such [contributor or  
16    annuitant] member.

17    ["Board" means the] "Board." The Pennsylvania Municipal  
18    Retirement Board created by this act.

19    "Compensation." Remuneration actually received for services  
20    rendered as a municipal employee, municipal fire fighter or  
21    municipal police officer, excluding reimbursement for expenses  
22    incidental to employment. Compensation shall be adjusted as  
23    appropriate to comply with the terms of any contract entered  
24    into between the board and the applicable municipality under  
25    Article IV or Article IV-A. For members who are enrolled in a  
26    plan that has adopted the provisions of section 414(h) of the  
27    Internal Revenue Code of 1986, as designated and referred to in  
28    the Federal Tax Reform Act of 1986 (Public Law 99-514, § 2, 100  
29    Stat. 2085, 2095), the term shall also include any such pickup  
30    contributions so designated. Notwithstanding any provision to

1 the contrary, a member's compensation shall not exceed the  
2 limitations under Internal Revenue Code § 401(a)(17) as adjusted  
3 in accordance with § 401(a)(17)(B). The adjustment in effect for  
4 a calendar year applies to any period, not exceeding twelve  
5 months, over which compensation is determined (the  
6 "determination period") beginning in such calendar year. If a  
7 determination period consists of fewer than twelve months, the  
8 compensation limit shall be multiplied by a fraction, the  
9 numerator of which is the number of months in the determination  
10 period and the denominator of which is twelve.

11 ["Contributor" means a member who has accumulated deductions  
12 standing to his credit in the member's account of the fund  
13 created by this act.]

14 "Date of termination of service." For an active member, the  
15 last day of employment in a status covered by the eligibility  
16 requirements of the pension plan or, in the case of an inactive  
17 member on leave without pay, the date of resignation or the date  
18 employment is formally discontinued by the municipality.

19 "Disability annuitant." A member on or after the effective  
20 date of disability until his disability annuity is terminated.

21 "Domestic relations order." Any judgment, decree or order,  
22 including approval of a property settlement agreement, entered  
23 on or after the effective date of this definition by a court of  
24 competent jurisdiction pursuant to a domestic relations law  
25 which relates to the marital property rights of the spouse or  
26 former spouse of a member, including the right to receive all or  
27 a portion of the moneys payable to that member under this act in  
28 furtherance of the equitable distribution of marital assets. The  
29 term includes orders of support as that term is defined by 23  
30 Pa.C.S. § 4302 (relating to definitions) and orders for the

enforcement of arrearages as provided in 23 Pa.C.S. § 3703  
(relating to enforcement of arrearages).

"Effective date of retirement." The first day following the  
date of termination of service of a member if the member has  
properly filed an application for an annuity within 90 days of  
such date or, in the case of a member who does not apply for an  
annuity within 90 days after the date of termination of service,  
the date of filing an application for an annuity or the date  
specified on the application, whichever is later. In the case of  
a member applying for a disability retirement, the term shall  
also mean the date certified by the board as the effective date  
of disability.

"Employers account." The account maintained for each plan  
established under Article IV-B to which shall be credited  
contributions made by participating employers towards the  
superannuation retirement, disability retirement and death  
benefits of members.

"Equivalent actuarial [value" means benefits] value."  
Benefits which have equal present value when computed on the  
basis of regular interest and the mortality tables adopted by  
the board and in use at the date the benefit becomes effective.

"Excess [interest" means the] interest." The investment  
earnings on the fund in excess of that required for allocation  
to regular interest and expenses.

"Final [salary" means] salary." Either of the following:

(1) For a retirement plan established under Article II,  
Article III or Article IV of this act, the average annual salary  
or compensation earned by a member and paid by the municipality  
during the highest three, four, or five non-overlapping periods  
of twelve consecutive months as stipulated by the municipality,

1 or if not so long employed, then the average annual salary or  
2 compensation earned and paid during the whole period of such  
3 employment; or, if applicable, the amount or formula stipulated  
4 between the municipality and the board in a contract for an  
5 optional retirement plan entered into under the provisions of  
6 clause (11) of section 104 of this act.

7 (2) For a retirement plan established under Article IV-A of  
8 this act, the amount or formula stipulated between the  
9 municipality and the board in the contract establishing the  
10 retirement plan.

11 (3) For a retirement plan established under Article IV-B of  
12 this act, the average annual compensation earned by a member and  
13 paid by the municipality during the highest three consecutive  
14 nonoverlapping years of credited service or, if not so long  
15 enrolled in credited service, the average annual compensation  
16 earned and paid during the whole period of such credited  
17 service.

18 ["Fund" means the] "Fund." The Pennsylvania Municipal  
19 Retirement Fund created by this act.

20 "Inactive member." A member who is enrolled in the system  
21 but who is no longer earning credited service and who has  
22 accumulated deductions standing to the member's credit in the  
23 fund.

24 "Internal Revenue Code." The Internal Revenue Code of 1986,  
25 as designated and referred to in the Federal Tax Reform Act of  
26 1986 (Public Law 99-514, § 2, 100 Stat. 2085, 2095), as amended.  
27 A reference in this part to "Internal Revenue Code § " shall  
28 be deemed to refer to the identically numbered section and  
29 subsection or other subdivision of such section in 26 U.S.C.  
30 (relating to Internal Revenue Code), as such identically



1 numbered section may be amended.

2 "Joint coverage [member" means a member who shall have  
3 become] member." A person who becomes a member of the  
4 retirement system subsequent to the last date permitted by the  
5 municipality employing [him] the person for statement of  
6 preference concerning social security coverage, or who, having  
7 become a member on or before such date, shall have filed with  
8 the municipality a written statement that [he] the person elects  
9 social security coverage [under an agreement with the Federal  
10 Secretary of Health, Education and Welfare entered into by the  
11 Commonwealth].

12 ["Member" means a] "Member." A person who is a municipal  
13 officer, [employee, fireman or policeman] employee, fire fighter  
14 or police officer, or an [employee] employee of a municipal  
15 government association who [has become a member of the  
16 Pennsylvania Municipal Retirement System created by this act] is  
17 an active member, inactive member, annuitant, disability  
18 annuitant or vested member of the system.

19 "Member's [account" means the] account." The account to  
20 which shall be credited the payroll deductions and other  
21 contributions, plus interest, if any, of the members.

22 "Member's [annuity" means that] annuity." That portion or  
23 component of the retirement allowance which is of equivalent  
24 actuarial value, at date of retirement, to the accumulated  
25 deductions of the member.

26 "Member's excess investment [account" means the] account."  
27 The account maintained for each member, to which shall be  
28 credited such excess interest [deemed to be earned on] awarded a  
29 member [contributions].

30 "Municipal [account" means the] account." The account

1 maintained for each municipality that establishes a retirement  
2 plan under Article II, Article III, Article IV or Article IV-A  
3 of this act, to which shall be credited the contributions made  
4 by it toward the superannuation retirement and death benefits of  
5 members.

6 "Municipal [annuity" means that] annuity." That portion or  
7 component of the retirement allowance computed in accordance  
8 with the formula applicable to each municipality.

9 "Municipal [employee" means a] employee." A person holding an  
10 office or position, other than that of a municipal [fireman]  
11 fire fighter or municipal [policeman] police officer, under a  
12 municipality or a municipal government association and paid on a  
13 regular salary or per diem basis. The term shall not include  
14 [officers and employes] an officer or employee paid wholly on a  
15 fee basis.

16 "Municipal [fireman" means a] fire fighter." A person  
17 holding a full-time position in the fire department of a  
18 municipality and who works for a stated salary or compensation.

19 "Municipal Pension Funding Standard and Recovery Act." The  
20 act of December 18, 1984 (P.L.1005, No.205), known as the  
21 "Municipal Pension Funding Standard and Recovery Act."

22 "Municipal [policeman" means a] police officer." A person  
23 holding a full-time position in the police department of a  
24 municipality and who works for a stated salary or compensation.

25 ["Municipality" means a] "Municipality." A city, borough,  
26 town, township, county, institution district, or any newly  
27 created governmental unit, or an authority created by a city,  
28 borough, town, township, county or county institution district,  
29 or jointly by any such political subdivisions, or an institution  
30 supported and maintained by a municipality or a municipal

1 government association, or an industrial development agency as  
2 defined by the act of May 31, 1956 (P.L.1911, No.635), known as  
3 the "Industrial Development Assistance Law," which has adopted  
4 bylaws and the governing body of which is organized and holds  
5 regular public meetings.

6 "New [member" means] member." A person who is a municipal  
7 officer, [employee, fireman or policeman] employee, firefighter  
8 or police officer, or an [employee] employee of a municipal  
9 government association and who first becomes a member after the  
10 date the municipality by which [he] the person is employed  
11 joined the retirement system created by this act.

12 "Optional membership." A category of membership in a  
13 retirement plan that applies to employees authorized by law,  
14 resolution or ordinance to elect to enroll or to refrain from  
15 enrollment in the retirement plan.

16 "Original [member" means] member." A person who is a  
17 municipal officer, [employee, fireman or policeman] employee,  
18 fire fighter or police officer, or an [employee] employee of a  
19 municipal government association who was employed by the  
20 municipality at the date the municipality joined the system.

21 "Prior [salary" means the] salary." The annual salary or  
22 compensation earned by a member and paid by the municipality  
23 during the year immediately preceding the date the municipality  
24 by which [he] the member is employed joined the system.

25 "Prior [service" means all service] service." All service of  
26 a person as a municipal [employee, municipal fireman or municipal  
27 policeman] employee, municipal fire fighter or municipal police  
28 officer completed at the time the municipality by which [he] the  
29 person is or was employed elected to join the system or the same  
30 municipality under a prior name or classification, unless the

1 municipality has elected to limit the period of such service for  
2 municipal [employees] employees enrolled in a plan under Article  
3 II [or], Article IV or Article IV-A of this act.

4 "Regular [interest" means the] interest." The rate fixed by  
5 the board, from time to time, on the basis of earnings on  
6 investments to be applied to the member's accounts, the  
7 municipal accounts established under the provisions of a  
8 retirement plan established under Article II, Article III,  
9 Article IV or Article IV-A of this act, to the retired member's  
10 reserve account, and to the employers' accounts of the plans  
11 established under Article IV-B of this act.

12 "Retired member's reserve [account" means the] account." The  
13 account from which all retirement allowances shall be paid for  
14 superannuation and total disability retirement and voluntary and  
15 involuntary [withdrawals] retirement.

16 "Retirement [allowance" means the] allowance." The sum of  
17 the municipal annuity and the member's annuity and, if the  
18 member is entitled to a disability annuity under the provisions  
19 of this act, the disability annuity.

20 "Service connected [disability" means total] disability."  
21 Total and permanent disability of a member [prior to eligibility  
22 for superannuation retirement] resulting from a condition  
23 arising out of and incurred in the course of [his] the member's  
24 employment, and which is compensable under the applicable  
25 provisions of the act of June 2, 1915 (P.L.736, No.338), known  
26 as "The Pennsylvania [Workmen's] Workers' Compensation Act," or  
27 the act of June 21, 1939 (P.L.566, No.284), known as "The  
28 Pennsylvania Occupational Disease Act."

29 "Single coverage [member" means a member who shall become]  
30 member." A person who becomes a member of the retirement system

on or before the last date permitted by the municipality  
employing [him] the person for statement of preference  
concerning social security coverage and who either shall have  
filed with the municipality a written statement that [he] the  
person does not elect social security coverage [under any  
agreement with the Federal Secretary of Health, Education and  
Welfare entered into by the Commonwealth,] or shall not have  
filed with the municipality any written statement.

"Statutory interest." Interest at 4% per annum, compounded  
annually which is to be applied to a member's account  
established under the provisions of Article IV-B of this act.

"Superannuation retirement [age" means sixty-five] age."  
Sixty-five years of age for municipal [employees, fifty-five]  
employees enrolled in a retirement plan established under  
Article II of this act. Fifty-five years of age for municipal  
[firemen] fire fighters and municipal police [or such other age]  
officers enrolled in a retirement plan established under Article  
III of this act. For members enrolled in a retirement plan  
established under Article IV of this act, it shall be the age or  
service requirement as may be stipulated between the  
municipality and the board in a contract for an optional  
retirement plan entered into with the municipality under the  
provisions of clause (11) of section 104 of this act. For  
members enrolled in a retirement plan established under Article  
IV-B of this act, it shall be such age or service requirement as  
provided in the Municipal Pension Recovery Program contract  
entered into between the municipality and the board. For those  
members enrolled in a retirement plan established under Article  
IV-B of this act, it shall be the age and service as defined in  
Article IV-B of this act.

1 "Survivor [annuitant" means any] annuitant." Any person who  
2 has been named by a member under a joint and survivor annuity  
3 option to receive an annuity upon the death of such member.

4 ["System" means the] "System." The Pennsylvania Municipal  
5 Retirement System [as established herein] established in this  
6 act.

7 "Total disability reserve [account" means the] account." The  
8 account to which shall be credited the contributions made by  
9 municipalities toward the disability retirement of members  
10 covered by the disability provisions of Article II, Article III  
11 or Article IV of this act.

12 "Vested member." A member who, after attaining the  
13 stipulated age or service requirements, or both, based on the  
14 requirements of the plan in which the member is enrolled, has  
15 terminated municipal service and has elected to leave the  
16 member's total accumulated deductions in the system and to defer  
17 receipt of an annuity.

18 Section 3. Section 103 of the act, amended May 17, 1980  
19 (P.L.135, No.50), is amended to read:

20 Section 103. Pennsylvania Municipal Retirement Board.--(a)  
21 A Pennsylvania Municipal Retirement Board is hereby created,  
22 which shall consist of the State Treasurer, the Secretary of  
23 [the Commonwealth] Community and Economic Development, six  
24 municipal elected officials or [employees] employees of different  
25 classes of municipalities which have joined the system under the  
26 provisions of Article II, Article III or Article IV of this act,  
27 two municipal elected officials or employees of municipalities  
28 which have joined the system under the provisions of Article IV-  
29 A or Article IV-B of this act, [one retired member] two  
30 annuitants of the system [who is receiving a retirement

1 allowance], one municipal [fireman employed by a municipality  
2 which has joined the system] employee who is an active member,  
3 one municipal fire fighter who is an active member and one  
4 municipal [policeman employed by a municipality which has joined  
5 the system] police officer who is an active member. The [nine]  
6 thirteen latter members shall be appointed by the Governor from  
7 among nominations made by the County Commissioners Association,  
8 the Pennsylvania League of Cities, the Pennsylvania Association  
9 of Township Commissioners, the Pennsylvania State Association of  
10 Township Supervisors, the Pennsylvania State Association of  
11 Boroughs and the Pennsylvania Municipal Authorities Association,  
12 and associations representing municipal employees, municipal  
13 [firemen] fire fighters and municipal police officers, to serve  
14 for a term of four years each and until their successors are  
15 appointed and qualified. Appointments of members made by the  
16 Governor shall not require the advice and consent of the Senate.  
17 The [two municipal employe] members of the [Municipal Employees'  
18 Retirement Board, appointed by the Governor from among  
19 nominations made by various associations of county and municipal  
20 officers,] board who are serving on the effective date of this  
21 act, shall continue to serve as members of the [Pennsylvania  
22 Municipal Retirement Board] board until the expiration of their  
23 respective terms.

24 (b) A chairman and vice chairman of the board shall be  
25 elected by the board every year at the January meeting [of the  
26 board and the chairman and vice-chairman may succeed themselves  
27 for the appointed term of four years].

28 (c) Vacancies happening from among members appointed from  
29 among the nominations made by the associations shall be filled  
30 by the appointment of a successor for a full term of four years.

1     (d) No appointed member shall serve more than two  
2 consecutive full terms.

3     (e) Each member of the board shall take an oath of office  
4 that he will diligently and honestly administer the affairs of  
5 the board, and that he will not knowingly violate or wilfully  
6 permit to be violated any of the provisions of this act.

7     (f) A quorum of the board shall consist of [~~six~~] eight  
8 members.

9     Section 3.1. The act is amended by adding a section to read:

10    Section 103.1. Status of the Board.--(a) Except where  
11 otherwise explicitly designated by act of the General Assembly,  
12 the board shall be an independent board of the Commonwealth.

13    (b) For purposes of the act of October 15, 1980 (P.L.950,  
14 No.164), known as the "Commonwealth Attorneys Act," the board  
15 shall be considered an executive agency.

16    (c) For purposes of the act of July 31, 1968 (P.L.769,  
17 No.240), referred to as the Commonwealth Documents Law, and the  
18 act of June 25, 1982 (P.L.633, No.181), known as the "Regulatory  
19 Review Act," the board shall be considered an agency.

20     Section 4. Section 104 of the act, amended May 17, 1980  
21 (P.L.135, No.50) and February 1, 1984 (P.L.1, No.1), is amended  
22 to read:

23     Section 104. General Powers of the Board.--The board shall:

24     (1) Appoint a secretary [and], an assistant secretary and  
25 investment professionals who shall serve at the pleasure of the  
26 board. The compensation of all persons so appointed shall be  
27 fixed by the board and shall be consistent with the standards  
28 established by the Executive Board of the Commonwealth. The  
29 secretary, with the prior approval of the board, shall appoint  
30 the clerical and other [employees] employees of the board, whose



1 positions, excluding the secretary's [and] assistant  
2 secretary's and the investment professionals', shall be under  
3 the classified service provisions of the act of August 5, 1941  
4 (P.L.752, No.286), as amended and the secretary shall fill  
5 future vacancies in accordance with such provisions. [The  
6 compensation of all persons so appointed shall be fixed by the  
7 board and shall be consistent with the standards established by  
8 the Executive Board of this Commonwealth;] .

9 (2) Contract for professional services, including but not  
10 limited to actuarial, investment and medical as it deems  
11 advisable[;] .

12 (3) Keep in convenient form such data as shall be deemed  
13 necessary for actuarial valuation purposes[;] .

14 (4) From time to time, through its actuary, make an  
15 actuarial investigation into the mortality and service  
16 experience of the [contributors and annuitants] members and of  
17 the various accounts created by this act[;] .

18 (5) Adopt [for the system] one or more mortality tables and  
19 such other tables as shall be deemed necessary[;] .

20 (7) Certify annually the amount of appropriation which each  
21 municipality shall pay into the [retirement fund, which amounts]  
22 fund. Said obligations shall be based on estimates furnished by  
23 the actuary[, and shall be credited to the municipal account of  
24 the fund;] in accordance with the funding requirements found in  
25 the Municipal Pension Funding Standard and Recovery Act, if  
26 applicable to that municipality and, if not, as determined by  
27 the board.

28 (8) Prepare and publish annually a financial statement  
29 showing the condition of the fund and the various accounts  
30 thereof, and setting forth such other facts, recommendations and

1 data as may be of use in the advancement of knowledge concerning  
2 the Pennsylvania Municipal Retirement System, and furnish a copy  
3 thereof to each municipality which has joined the system, and to  
4 such persons as may request copies thereof[;].

5 (9) Keep a record of all its proceedings, which will be open  
6 to inspection by the public[;].

7 (10) From time to time, with the advice of the [Attorney  
8 General] Office of General Counsel and the actuary, adopt and  
9 promulgate such rules and regulations as may be required for the  
10 proper administration of the fund created by this act and the  
11 several accounts thereof, and for the transaction of the  
12 business of the board[;].

13 (11) Be authorized to approve any optional retirement plan  
14 for municipal [employees] employees, municipal [firemen] fire  
15 fighters or municipal police officers, with any municipality as  
16 long as it is actuarially sound and benefits under the plan are  
17 not in excess of or member's minimum contribution rates are not  
18 less than those provided in other existing retirement laws  
19 pertaining to that class of municipality; except to the extent  
20 that excess investment earnings are allocated to provide for  
21 additional pension benefits or member accruals as otherwise  
22 provided in this law[;].

23 (12) Prepare and distribute annual statements of accounts to  
24 each of the active members of the system, showing the  
25 contributions made during the year, the interest [earned]  
26 credited to the member's account and the total balance standing  
27 in the member's account at the end of the year[;].

28 (12.1) From time to time, at the direction of municipalities  
29 under the provisions of Article II, Article III or Article IV of  
30 this act electing to provide cost-of-living increases from their

1 share of excess investment earnings, the board shall allocate  
2 excess investment earnings to provide additional "cost-of-  
3 living" pension benefits to those members of such municipalities  
4 who have already retired. Such allocations shall be made, with  
5 the advice of the actuary, on a fully funded basis employing  
6 actuarial assumptions which reflect the nature of the liability.

7 (12.2) From time to time, at the direction of municipalities  
8 under the provisions of Article II, Article III or Article IV of  
9 this act electing to apply their excess investment earnings to  
10 member contributions, the board shall allocate excess investment  
11 earnings for active members of such municipalities by applying  
12 such allocation to member contributions. To the extent that  
13 additional liabilities may accrue as a result of such  
14 allocation, the actuary shall employ actuarial assumptions, on a  
15 fully funded basis, to accurately reflect the nature of the  
16 liability generated therefrom.

17 (13) Perform such other functions as are required for the  
18 execution of the provisions of this act and all Federal and  
19 State law and shall administer and interpret the provisions of  
20 this act so as to ensure that the system shall be maintained as  
21 tax qualified under the Internal Revenue Code.

22 (14) Enter into a contract with one or more third party  
23 administrators for the administration of defined retirement  
24 option plans enrolled under Article IV-A of this act. The board  
25 shall set performance standards and criteria and annually review  
26 all plan and fund managers to determine whether they meet such  
27 standards and criteria.

28 (15) Possess the powers and privileges of a corporation and  
29 shall operate and conduct business as the Pennsylvania Municipal  
30 Retirement System.

Section 5. Section 105 of the act, amended May 17, 1980  
(P.L.135, No.50), is amended to read:

Section 105. Preliminary Actuarial Investigation Tables and Rates.--[As soon as may be after the passage of this act, the] The actuary shall make an investigation of the mortality, service and salary experience of municipal [employees, municipal firemen] employees, municipal fire fighters and municipal police officers as [he] the actuary shall deem necessary, for the purpose of determining upon tentative tables and municipal contributions. On the basis of such investigation and recommendation, the board shall adopt such tentative tables and certify such tentative rates for the purpose of giving municipalities and municipal [employees, municipal firemen] employees, municipal fire fighters and municipal police officers estimates of the cost involved in electing to join the retirement [system] plans established by this act. The actuary shall make subsequent investigations at least once every five years in order to enable the board to change such tables when necessary.

Section 6. Section 107 of the act is amended to read:

Section 107. Election by Municipalities to Join Retirement System.--(a) Any municipality may elect, by ordinance or resolution adopted by the tax levying body, or in the case of municipal authorities by the board of such municipal authority to join the system: Provided, however, That any municipality electing coverage under the provisions of Article II of this act must have first placed its municipal [employees] employees in so far as they are eligible under the Federal Social Security Act.  
(b) Any municipality, by action of its tax levying body, may and upon petition of electors equal to at least five per cent of

1 the registered electors of the municipality, shall, submit the  
2 question of joining such system to the voters of the  
3 municipality at any municipal or general election, in the same  
4 manner as other questions are submitted to the electors under  
5 the election code of the Commonwealth. If the majority of the  
6 electors voting on the question vote in favor thereof, the tax  
7 levying body shall adopt an ordinance or resolution electing to  
8 join such system. If the electors vote against joining the  
9 system, then no further action shall be taken in the  
10 municipality for a period of two years.

11 (c) A duly certified copy of any such ordinance or  
12 resolution electing to join the system shall be filed with the  
13 board.

14 Section 7. The act is amended by adding a section to read:

15 Section 107.1. Mandatory Enrollment.--(a) Any municipality  
16 maintaining a severely distressed pension plan as determined  
17 pursuant to the provisions of the Municipal Pension Plan Funding  
18 Standard and Recovery Act, shall transfer the administration of  
19 all existing pension plans established by the municipality to  
20 the board, and the board shall enroll all such plans into the  
21 system in accordance with the provisions of Article IV-A of this  
22 act.

23 (b) Any municipality maintaining a severely distressed  
24 pension plan as determined pursuant to the provisions of the  
25 Municipal Pension Plan Funding Standard and Recovery Act after  
26 the effective date of transferring the administration of all  
27 existing pension plans established by the municipality to the  
28 board under the provisions of Article IV-A shall enroll all  
29 full-time employees as defined in Article IV-B of this act hired  
30 subsequent to the effective date of the transfer into the system

1 in accordance with Article IV-B of this act.

2 Section 8. Sections 108 and 109 of the act are amended to  
3 read:

4 Section 108. Retirement Funds and Accounts.--(a) The  
5 Pennsylvania Municipal Retirement Fund shall consist of the  
6 money received from municipalities arising from contributions by  
7 municipalities, and from payroll deductions from salary or  
8 compensation of members, and other contributions made by members  
9 through the municipality to the system, from transfers made from  
10 municipal retirement or pension systems and credited as provided  
11 in this act, and investment earnings thereon.

12 (b) The fund shall be a trust, and the assets of the system  
13 shall be held in trust. No part of the assets of the system  
14 shall be used for or diverted to purposes other than for the  
15 exclusive benefit of the members, their spouses or the members'  
16 beneficiaries prior to the satisfaction of all liabilities of  
17 the system with respect to them. The assets of the fund shall be  
18 used only to pay:

19 (1) benefits to members in accordance with this act; and

20 (2) necessary expenses of the system as established in this  
21 act.

22 (c) (1) Contributions made by municipalities enrolled in  
23 plans established under the provisions of Article II, Article  
24 III or Article IV of this act toward superannuation retirement  
25 and death benefits of members shall be credited to the municipal  
26 account of [said] the fund, contributions made by municipalities  
27 toward disability retirement of members shall be credited to the  
28 total disability reserve account of [said] the fund, and payroll  
29 deductions and other contributions of members shall be credited  
30 to the member's account of [said] the fund. Transfers made from

existing municipal retirement or pension systems shall be credited as provided in this act.

(2) Contributions made by municipalities enrolled in plans established under the provisions of Article IV-A of this act toward superannuation retirement, disability retirement and death benefits of members shall be credited to the municipal account of the fund and payroll deductions and other contributions of members shall be credited to the member's account of the fund. Transfers made from existing municipal retirement or pension systems shall be credited as provided in this act.

(3) Contributions made by municipalities enrolled in plans established under the provisions of Article IV-B of this act toward superannuation retirement, disability retirement and death benefits of members shall be credited to the employers account of the fund, and payroll deductions and other contributions of members shall be credited to the member's account of the fund.

(d) (1) The board shall keep separate accounts of each municipality and for each separate class of [employees] employees enrolled by that municipality under [the several articles of this act, except the total disability reserve account and the retired member's reserve account which shall be maintained as pooled accounts] Article II, Article III, Article IV or Article IV-A of this act. The board shall keep one separate employer's account for each retirement plan under Article IV-B of this act and separate members' accounts for each employee enrolled in a plan established under Article IV-B of this act. Each municipality and the members thereof shall be liable to the board for the amount of contributions required to cover the cost

1 of the retirement allowance and other benefits payable to such  
2 members.

3 (2) The total disability reserve account and the retired  
4 member's reserve account shall be maintained as pooled accounts.

5 (e) (1) Upon the granting of a superannuation or voluntary  
6 or involuntary [withdrawal] retirement allowance to any  
7 [contributor] member of a plan established under Article II,  
8 Article III, Article IV or Article IV-B of this act, the amount  
9 of [such contributor's] the member's accumulated deductions in  
10 the member's account shall lose their status as accumulated  
11 deductions and shall be transferred to the retired member's  
12 reserve account and the actuarial equivalent of the municipal  
13 annuity shall be similarly transferred from the municipal  
14 account or the employer's account to the retired member's  
15 reserve account.

16 (2) Upon the granting of a superannuation or voluntary or  
17 involuntary retirement allowance to any member of a plan  
18 enrolled in the system under Article IV-A, the amount of the  
19 member's accumulated deductions in the member's account shall  
20 lose their status as accumulated deductions and shall be  
21 transferred to the municipal account of the plan. A transfer  
22 shall be made monthly from the municipal account to the retired  
23 member's reserve account to fund the retired member's reserve  
24 account for any benefit payment to a retired member, a spouse or  
25 beneficiary of a member who was entitled to a benefit under that  
26 municipal plan's provisions.

27 (3) Upon the granting of a disability retirement allowance  
28 to any [contributor] member of a plan established under Article  
29 II, Article III or Article IV of this act, there shall be  
30 transferred to the retired member's reserve account the amount



1 of the [contributor's] member's accumulated deductions in the  
2 member's account, the amount of the equivalent actuarial value  
3 [to] of the municipal annuity, and such additional amount from  
4 the total disability reserve account as is needed in addition  
5 thereto to provide the actuarial equivalent of the total  
6 disability allowance to which the [contributor] member is  
7 entitled.

8 (4) Upon the granting of a disability retirement allowance  
9 to any member of a plan enrolled in the system under Article IV-  
10 A of this act, the amount of the member's accumulated deductions  
11 in the member's account shall lose their status as accumulated  
12 deductions and shall be transferred to the municipal account of  
13 the plan. A transfer shall be made monthly from the municipal  
14 account to the retired member's reserve account to fund the  
15 retired member's reserve account for any benefit payment to a  
16 retired member, a spouse or beneficiary of a member who was  
17 entitled to a benefit under that municipal plan's disability  
18 provisions.

19 (5) Upon the granting of a disability retirement allowance  
20 to any member of a plan established under Article IV-B of this  
21 act, there shall be transferred to the retired member's reserve  
22 account the amount of the member's accumulated deductions in the  
23 member's account and such additional amount from the employer's  
24 account as is needed in addition thereto to provide the  
25 actuarial equivalent of the total disability allowance to which  
26 the member is entitled.

27 Section 109. Custody of and Payments from Fund.--All moneys  
28 and securities in the fund shall be placed in the custody of the  
29 State Treasurer for safekeeping, and all payments on account of  
30 retirement allowances shall be made on requisition signed by the

1 [chairman and] secretary of the board.

2 Section 9. Section 110 of the act, amended May 17, 1980  
3 (P.L.135, No.50), is amended to read:

4 Section 110. Management and Investment of Fund; Interest  
5 Credits.--(a) The members of the board shall be trustees of the  
6 fund, and shall have the exclusive management of said fund, with  
7 full power to invest the moneys therein, subject to the terms,  
8 conditions, limitations and restrictions imposed by law upon  
9 fiduciaries. The [said] trustees shall have power to hold,  
10 purchase, sell, assign, transfer and dispose of any securities  
11 and investments in [said] the fund, as well as the proceeds of  
12 such investments, and of the money belonging to [such] the fund.

13 (b) The board shall annually allow regular interest to the  
14 credit [on each contributor's account,] of each member's account  
15 and municipal account established under Article II, Article III,  
16 Article IV and Article IV-A of this act. The board shall also  
17 annually allow regular interest to the retired members reserve  
18 account and [the total disability reserve account] to the  
19 employer accounts of the plans established by Article IV-B of  
20 this act. The board shall credit statutory interest on each  
21 member's account established under Article IV-B of this act. The  
22 board shall annually credit the difference between the statutory  
23 interest awarded to the members' accounts of a plan established  
24 under Article IV-B of this act and the amount of regular  
25 interest that would have been earned on such accounts to the  
26 employer's account of that plan.

27 [In addition, the] (c) The board shall, after [paying]  
28 deducting money to pay for the appropriated expenses, annually  
29 allow such excess interest as each municipality enrolled under  
30 Article II, Article III or Article IV of this act deems

1 appropriate to the credit of the municipal accounts, member's  
2 accounts, the member's excess investment accounts, retired  
3 members reserve accounts [and total disability reserve  
4 accounts]. Excess interest earned on accounts of a plan  
5 established under Article IV-A of this act shall be credited to  
6 the municipal account of that plan, and excess interest earned  
7 on accounts of a plan created by Article IV-B shall be credited  
8 to the employer's account of such plan.

9 Section 10. Section 111 of the act is amended to read:

10 Section 111. Municipal Guarantee.--(a) The regular interest  
11 charges payable and the creation and maintenance of the  
12 necessary reserves for the payment of the municipal and member's  
13 annuities, as to any municipality in accordance with this act,  
14 are hereby made the obligation of that municipality.

15 (b) In the case of the failure of a municipality to make  
16 payments as required by this act, the Commonwealth shall  
17 withhold payment to the municipality of any funds to which the  
18 municipality may be entitled for pension purposes. The board may  
19 recover any sums due to the fund by suit at law, or other  
20 appropriate remedy.

21 (c) (1) No liability for a plan enrolled in the system  
22 under the provisions of Article IV-A of this act shall be  
23 assumed by or attached against the system, the board, the  
24 Commonwealth or their officers or employees.

25 (2) Should the plan have insufficient funds held in the  
26 plan's municipal account to make payment of all or a portion of  
27 a given month's retirement allowance, the system's obligation to  
28 make the remaining portion of such payment and any such future  
29 payments shall cease and shall become the direct and immediate  
30 liability of the municipality.

1     (3) Should the plan have insufficient funds held in the  
2 plan's municipal account to make payment of all or a portion of  
3 any lump sum death benefit, a municipality shall have 60 days  
4 from notification of the deficiency to deposit sufficient funds  
5 to the account to make payment of the death benefit.

6     (4) If payment is not received within 60 days, the system's  
7 obligation to make the remaining portion of the payment shall  
8 cease and shall become the direct and immediate liability of the  
9 municipality.

10     Section 11. Section 112 of the act, amended July 5, 2005  
11 (P.L.50, No.16), is amended to read:

12     Section 112. Annual Estimates to Municipalities;  
13 Administrative Expenses.--(a) The board shall prepare and  
14 submit to each municipality, on or before the first day of the  
15 third month preceding the commencing of each municipality's  
16 fiscal year, an itemized estimate of the amounts necessary to be  
17 appropriated by the municipality to complete the payments of the  
18 obligations of the municipality to the fund during its next  
19 fiscal year.

20     (b) (1) The board shall annually prepare and approve a  
21 budget covering the administrative expenses of this act. Such  
22 expenses as approved by the board shall be paid from receipts  
23 from assessments made against each municipality for  
24 administrative expenses. This assessment shall be based on the  
25 number of members in each municipality and shall not exceed the  
26 sum of twenty dollars (\$20) per member per year. If, in the  
27 calendar years 1995 through [2005] 2015, the amount received  
28 from such assessments, when imposed at the maximum rate, is not  
29 sufficient to cover the administrative expenses, then the  
30 balance of such expenses shall be paid from interest earnings on

1 the fund in excess of the regular interest credited to the  
2 municipal, members' and retired members' reserve accounts and  
3 shall not, in any year, exceed six-tenths of one per cent of the  
4 total asset value of the fund as of the beginning of the  
5 calendar year.

6 (2) The administration of the Pennsylvania Municipal  
7 Retirement System shall be audited annually and a report of this  
8 audit shall be made annually to the General Assembly.

9 [The secretary of the board shall submit a proposed budget  
10 for the following fiscal year to the Senate and House Local  
11 Government Committees no later than November 1 of the year  
12 preceding that for which the budget is being prepared. The  
13 respective committees shall meet and review such budget  
14 document. If the committees take no action within sixty days of  
15 said November 1, the budget for the following calendar year  
16 shall be deemed approved.]

17 (3) All assessments authorized under this section shall  
18 remain authorized assessments for the calendar year they are  
19 imposed. Beginning the first full calendar year after the  
20 effective date of this paragraph, the board shall no longer  
21 impose such assessments, but shall fund the administrative  
22 expenses of the system from the assets of the fund in accordance  
23 with subsection (c).

24 (c) (1) Effective the first Monday in February after the  
25 effective date of this subsection, and every first Monday in  
26 February thereafter, the board shall submit to the General  
27 Assembly a proposed budget covering the administrative expenses  
28 of the system for the coming fiscal year.

29 (2) Such expenses, as approved by the Governor and the  
30 General Assembly in an appropriation act, shall be paid by the

1 State Treasurer from the assets of the fund.

2 Section 12. Section 113 of the act, amended May 17, 1980  
3 (P.L.135, No.50), is amended to read:

4 Section 113. Existing Local Retirement Systems.--(a) (1)

5 Where a municipality elects to join the system [established by]  
6 under the provisions of Article II, Article III or Article IV of  
7 this act, and is then maintaining a retirement or pension system  
8 or systems covering its [employees] employees in whole or in  
9 part, those [employees] employees so covered, and [employees]  
10 employees thereafter eligible to join such pension system, shall  
11 not become members of the retirement system established by this  
12 act, unless at the time the municipality elects to join the  
13 system, the members of each such existing retirement or pension  
14 system shall, by the affirmative vote of seventy-five per cent  
15 of all the members of each pension system, elect to be covered  
16 by the retirement system established by this act.

17 (2) At any time thereafter, within a period of three years  
18 after the municipality has elected to join the system under the  
19 provisions of Article II, Article III or Article IV of this act,  
20 but not thereafter, the members of an existing retirement or  
21 pension system may, in like manner, elect to join the system  
22 established by this act. In any such case, provisions may be  
23 made for the transfer of moneys and securities in its retirement  
24 or pension fund or funds, in whole or in part, to the fund  
25 established by this act. Securities so transferred shall be only  
26 those acceptable to the board. Securities not so acceptable  
27 shall be converted into cash, and said cash transferred to the  
28 fund created by this act. In any such transfer, provision shall  
29 be made to credit the accumulated deductions of each member, at  
30 least the amount [he] the member has paid into the retirement or

1 pension system of the municipality, which moneys shall be  
2 credited against the prior service contributions of [such] the  
3 member, or a municipality may turn over to the retirement system  
4 created by this act any existing local pension system on a  
5 completely funded basis, as to pensioners and pension credits of  
6 members related to prior service to the date of transfer, or on  
7 a partially funded basis if the municipality pays annually into  
8 the retirement system amounts sufficient to completely liquidate  
9 the municipality's liability for prior service within a period  
10 not to exceed thirty years.

11 (b) No liability, on account of retirement allowances or  
12 pensions being paid from any retirement or pension fund of the  
13 municipality, shall attach against the fund, except as provided  
14 in the contractor agreement, making a transfer of an existing  
15 system in accordance with this section. The liability to  
16 continue payment of pensions not so transferred shall attach  
17 against the municipality, which shall annually make  
18 appropriations from its tax revenues sufficient to pay the same.  
19 In cases where workers covered by an existing retirement or  
20 pension system elect to join the system [created by] under the  
21 provisions of Article II, Article III or Article IV of this act,  
22 the election to join shall be deemed to have been made at the  
23 time the municipality elected to join the system, and the  
24 liabilities of the municipality shall be fixed accordingly.

25 (c) Notwithstanding any other provision [herein] in this  
26 act, the board may, in its discretion, entertain a request from  
27 a municipality to join the system established by this act for  
28 those [employees] employees who are excluded from local pension  
29 plan coverage by virtue of the collective bargaining process or  
30 otherwise. The request to join the system must be accompanied by

1 an affirmative vote of no less than three-fourths of those  
2 [employees] employees not covered by the local pension plan. The  
3 benefits to be established may be in accordance with the  
4 provisions of this article or to any other relevant pension law  
5 covering that class of municipality. The other requirements of  
6 this section for joining this system shall be observed.

7 Section 13. Section 114 of the act is amended to read:

8 Section 114. Monthly Payments.--(a) Any retirement  
9 allowance created under the provisions of this act shall be paid  
10 in equal monthly installments and shall not be increased,  
11 decreased, revoked or repealed, except where specifically  
12 otherwise provided by this act. When the equivalent actuarial  
13 value of the retirement allowance is less than \$5,000, the board  
14 may make a single lump sum payment equal to the equivalent  
15 actuarial value.

16 (b) The annual retirement benefit payable to any member  
17 shall not exceed the annual dollar limitation as set forth in  
18 Internal Revenue Code § 415(b)(1)(A) as may be adjusted pursuant  
19 to Internal Revenue Code § 415(d). To the extent that such  
20 adjustment may be required by operation of the Internal Revenue  
21 Code, regulation or other publications issued by the Internal  
22 Revenue Service, such adjustment shall only apply to the dollar  
23 limitation specified in this section.

24 Section 14. Section 115 of the act, repealed in part April  
25 28, 1978 (P.L.202, No.53), is amended to read:

26 Section 115. Exemption of Retirement Allowance and  
27 Exceptions.--(a) The retirement allowance and the contributions  
28 of members to the fund, all contributions returned to  
29 [contributors] members under the provisions of this act and the  
30 moneys in the fund created by this act, shall be exempt from any



1 State or municipal tax and shall be unassignable except to a  
2 beneficiary.

3 (b) Rights under this act shall be subject to:

4 (1) Attachment in favor of an alternate payee as set forth  
5 in an approved domestic relations order.

6 (2) Forfeiture as provided by the act of July 8, 1978  
7 (P.L.752, No.140), known as the "Public Employee Pension  
8 Forfeiture Act." Forfeitures under this subsection or under any  
9 other provision of law may not be applied to increase the  
10 benefits that any member would otherwise receive under this  
11 part.

12 (c) Effective with distributions made on or after January 1,  
13 1993, and notwithstanding any other provision of this section to  
14 the contrary, a distributee may elect, at the time and in the  
15 manner prescribed by the board, to have any portion of an  
16 eligible rollover distribution paid directly to an eligible  
17 retirement plan by way of a direct rollover.

18 (d) For purposes of this section, the following words shall  
19 have the following meanings:

20 "Distributee." A member, a member's surviving spouse or a  
21 member's former spouse who is an alternate payee under an  
22 approved domestic relations order.

23 "Eligible retirement plan." The term shall have the meaning  
24 given to it under the Internal Revenue Code § 402(c)(8)(B),  
25 except that a qualified trust shall be considered an eligible  
26 retirement plan only if it accepts the distributee's eligible  
27 rollover distribution, however, in the case of an eligible  
28 rollover distribution to a nonspousal beneficiary, an eligible  
29 retirement plan is an "individual retirement account" or an  
30 "individual retirement annuity" as those terms are defined in

1 the Internal Revenue Code § 408(a) and (b).

2 "Eligible rollover distribution." The term shall have the  
3 meaning given to it under the Internal Revenue Code § 402(f)(2)  
4 (A).

5 Section 15. Section 117 of the act, added November 29, 2004  
6 (P.L.1331, No.169), is amended to read:

7 Section 117. Part-Time [Employees] Employees.--(a) (1) All  
8 existing part-time [employees] employees not enrolled in the  
9 pension plan shall have the right to elect to participate in the  
10 pension plan. A member's election to participate in the pension  
11 plan under this subsection must be made in writing and received  
12 by the municipality before July 1, 2005, and shall be  
13 irrevocable.

14 (2) Existing part-time [employees] employees not enrolled  
15 in the pension plan who elect to participate in the pension  
16 plan under this subsection must pay into the system all  
17 member contributions plus the regular interest that would  
18 have been credited to those contributions had they  
19 participated in the system from their date of hire. Failure  
20 of the part-time [employee] employee to make such  
21 contributions and regular interest payments as determined by  
22 the administrator of the system shall be considered the same  
23 as if the part-time [employee] employee had chosen not to  
24 participate in the system. All other amounts required to be  
25 contributed to the pension plan as a result of their election  
26 to participate shall be paid by the municipality.

27 (b) Where a municipality determines to change the membership  
28 requirements to prohibit part-time [employees] employees from  
29 participating in the system established by this act, all  
30 existing part-time [employees] employees enrolled in the pension

1 plan shall remain members of the pension plan unless they elect  
2 to withdraw from the pension plan. A member election to withdraw  
3 from the pension plan under this subsection must be made in  
4 writing and received by the municipality before July 1, 2005,  
5 and shall be irrevocable.

6 Section 16. The act is amended by adding sections to read:

7 Section 118. Approval of Domestic Relation Orders.--(a) A  
8 domestic relations order shall be certified as an approved  
9 domestic relations order by the secretary of the board or the  
10 secretary's designated representative only if the order meets  
11 all of the following:

12 (1) Requires the system to provide any type or form of  
13 benefit or any option already provided under this act.

14 (2) Requires the system to provide no more than the total  
15 amount of benefits than the member would otherwise receive,  
16 determined on the basis of actuarial value, unless increased  
17 benefits are paid to the member or alternate payee based upon  
18 cost-of-living increases or increases based on other than  
19 actuarial value.

20 (3) Specifies the amount or percentage of the member's  
21 benefits to be paid by the system to each such alternate payee  
22 or the manner in which the amount or percentage is to be  
23 determined.

24 (4) Specifies the retirement option to be selected by the  
25 member upon retirement or states that the member may select any  
26 retirement option offered by this act upon retirement.

27 (5) Specifies the name and last known mailing address, if  
28 any, of the member and the name and last known mailing address  
29 of each alternate payee covered by the order and states that it  
30 is the responsibility of each alternate payee to keep a current

mailing address on file with the system.

(6) Does not grant an alternate payee any of the rights, options or privileges of a member under this act.

(7) Requires the member to execute an authorization allowing each alternate payee to monitor the member's compliance with the terms of the domestic relations order through access to information concerning the member maintained by the system.

(b) (1) Upon receipt of a proposed domestic relations order, the secretary of the board or the secretary's designated representative shall determine whether the proposed order shall be deemed an approved domestic relations order and shall notify the member and each alternate payee of this determination.

(2) Notwithstanding any other provision of law, the exclusive remedy of any member or alternate payee aggrieved by a decision of the secretary of the board or the secretary's designated representative shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to practice and procedure) with appeal therefrom to the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals from government agencies).

(c) (1) The requirements for approval identified in subsection (a) shall not apply to any domestic relations order which is an order for support as that term is defined in 23 Pa.C.S. § 4302 (relating to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).

(2) These orders shall be approved to the extent that they do not attach moneys in excess of the limits on attachments as established by the laws of this Commonwealth and the United States.

1     (d) Only the requirements of this section and any  
2 regulations promulgated under this act shall be used to govern  
3 the approval or disapproval of a domestic relations order. If  
4 the secretary of the board or the secretary's designated  
5 representative acts in accordance with the provisions of this  
6 act and any promulgated regulations in approving or disapproving  
7 a domestic relations order, then the obligations of the system  
8 with respect to such approval or disapproval shall be  
9 discharged.

10     Section 119. Amendment of Approved Domestic Relations  
11 Orders.--(a) In the event that an alternate payee of an  
12 approved domestic relations order predeceases the member and  
13 there are benefits payable to the alternate payee, the court may  
14 amend the approved domestic relations order to substitute a  
15 person for the deceased alternate payee to receive any benefits  
16 payable to the deceased alternate payee.

17     (b) If a court amends an approved domestic relations order  
18 for any reason, then the amended order must be submitted for  
19 recertification as an approved domestic relations order as  
20 provided in this act.

21     Section 120. Irrevocable Beneficiary.--Notwithstanding any  
22 other provision of this act, a domestic relations order may  
23 provide for an irrevocable beneficiary. A domestic relations  
24 order requiring the nomination of an irrevocable beneficiary  
25 shall be deemed to be one that requires a member to nominate an  
26 alternate payee as a beneficiary and that prohibits the removal  
27 or change of that beneficiary without approval of a court of  
28 competent jurisdiction, except by operation of law. Such a  
29 domestic relations order may be certified as an approved  
30 domestic relations order by the secretary of the board or the

1 secretary's designated representative after the member makes  
2 such nomination, in which case the irrevocable beneficiary so  
3 ordered by the court cannot be changed by the member without  
4 approval by the court.

5 Section 121. Irrevocable Survivor Annuitant.--

6 Notwithstanding any other provision of this act, a domestic  
7 relations order may provide for an irrevocable survivor  
8 annuitant. A domestic relations order requiring the designation  
9 of an irrevocable survivor annuitant shall be deemed to be one  
10 that requires a member to designate an alternate payee as a  
11 survivor annuitant and that prohibits the removal or change of  
12 that survivor annuitant without approval of a court of competent  
13 jurisdiction, except by operation of law. Such a domestic  
14 relations order may be certified as an approved domestic  
15 relations order by the secretary of the board or the secretary's  
16 designated representative, in which case the irrevocable  
17 survivor annuitant so ordered by the court cannot be changed by  
18 the member without approval by the court. A person ineligible to  
19 be designated as a survivor annuitant may not be designated an  
20 irrevocable survivor annuitant.

21 Section 17. Article II heading and section 201 of the act  
22 are amended to read:

23 ARTICLE II

24 PROVISIONS RELATING TO MUNICIPAL [EMPLOYES] EMPLOYEEES

25 Section 201. Purpose.--This article [shall provide] provides  
26 for the uninterrupted continuation of retirement plans  
27 established under the act of June 4, 1943 (P.L.886, No.371),  
28 known as the "Municipal Employees' Retirement Law." It shall also  
29 provide for the enrollment of municipal [employees] employeees of  
30 new municipalities joining the system, at the contribution rates

1 and benefit rates outlined in this article of the act.

2 Section 18. Section 203 of the act, amended November 29,  
3 2004 (P.L.1331, No.169), is amended to read:

4 Section 203. Existing Local Retirement Systems and

5 Compulsory and Optional Membership.--(a) (1) Where a

6 municipality elects to join the system established by this act,

7 and is then maintaining a retirement or pension system or

8 systems covering its [employees] employees in whole or in part,

9 those [employees] employees so covered, and [employees] employees

10 thereafter eligible to join [such] the pension system, shall not

11 become members of the retirement system established by this act,

12 unless at the time the municipality elects to join the system,

13 the members of each [such] existing retirement or pension system

14 shall, by the affirmative vote of seventy-five per cent of all

15 the members of each pension system, elect to be covered by the

16 retirement system established by this act.

17 (2) At any time thereafter, within a period of three years

18 after the municipality has elected to join the system, but not

19 thereafter, the members of an existing retirement or pension

20 system may, in like manner, elect to join the system established

21 by this act.

22 (3) In any such case, provisions may be made for the

23 transfer of moneys and securities in its retirement or pension

24 fund or funds, in whole or in part, to the fund established by

25 this act. Securities so transferred shall be only those

26 acceptable to the board. Securities not so acceptable shall be

27 converted into cash, and [said] the cash transferred to the fund

28 created by this act.

29 (4) In any such transfer, provision shall be made to credit

30 the accumulated deductions of each member, at least the amount

1 [he] the member has paid into the retirement or pension system  
2 of the municipality, which moneys shall be credited against the  
3 prior service contributions of [such] the member, or a  
4 municipality may turn over to the retirement system created by  
5 this act any existing local pension system on a completely  
6 funded basis, as to pensioners and pension credits of members  
7 related to prior service to the date of transfer, or on a  
8 partially funded basis if the municipality pays annually into  
9 the retirement system amounts sufficient to completely liquidate  
10 the municipality's liability for prior service within a period  
11 not to exceed thirty years.

12 (b) (1) No liability, on account of retirement allowances  
13 or pensions being paid from any retirement or pension fund of  
14 the municipality, shall attach against the fund, except as  
15 provided in the agreement, making a transfer of an existing  
16 system in accordance with this section. The liability to  
17 continue payment of pensions not so transferred shall attach  
18 against the municipality, which shall annually make  
19 appropriations from its tax revenues sufficient to pay the same.

20 (2) In cases where workers covered by an existing retirement  
21 or pension system elect to join the system created by this act,  
22 the election to join shall be deemed to have been made at the  
23 time the municipality elected to join the system, and the  
24 liabilities of the municipality shall be fixed accordingly.

25 (c) (1) If a municipality elects to join the system under  
26 the provisions of this [Article II] article, then each officer  
27 other than elected officers, and each municipal [employee]  
28 employee employed on a full-time basis, except one who is not  
29 eligible for Federal Social Security coverage and except one who  
30 is covered by an existing retirement or pension system and is



1 exempted as outlined above, shall be required to become a member  
2 of the system.

3     (2) Each municipality shall determine whether membership in  
4 [said] the system for elected officials and [employees] employees  
5 hired on a temporary, seasonal or part-time basis shall be  
6 compulsory, optional or prohibited.

7     (3) Where membership may be optional with an elected officer  
8 or an [employee] employee hired on a temporary, seasonal or part-  
9 time basis, an election to join the system must be made within  
10 one year after the municipality elected to join the system or  
11 within one year after the officer or temporary, seasonal or  
12 part-time [employee] employee first entered the service of the  
13 municipality.

14     (4) For those employees who choose not to enroll, the  
15 declination of membership shall apply for the period of time the  
16 employee serves continuously in that optional category. If there  
17 is a break in service and the employee returns, the employee  
18 shall not be permitted to purchase optional membership time  
19 previously declined, but may be enrolled as a member for future  
20 optional service, if the employee so chooses. If the employee  
21 returns to service where membership is mandatory, the member  
22 shall be required to join the plan, on a prospective basis only.

23     (5) Officers and [employees] employees paid only on a fee  
24 basis shall not be eligible to join the system.

25     (d) When a municipality has established a policy of placing  
26 new [employees] employees on a probationary status it may elect  
27 to refrain from enrolling such [employees] employees into the  
28 system for a period of up to one year from the date the  
29 probationary [employee] employee first entered the service of the  
30 municipality. In such cases service credits shall not be earned

1 by the [employee] employee for probationary time served prior to  
2 enrollment.

3 (e) Notwithstanding any other provision [herein] of this  
4 act, the board may, in its discretion, entertain a request from  
5 a municipality to join the system established by this act for  
6 those [employees] employees who are excluded from local pension  
7 plan coverage by virtue of the collective bargaining process or  
8 otherwise. The request to join the system must be accompanied by  
9 an affirmative vote of no less than three-fourths of those  
10 [employees] employees not covered by the local pension plan. The  
11 benefits to be established may be in accordance with the  
12 provisions of this article or any other relevant pension law  
13 covering that class of municipality. The other requirements of  
14 this section for joining this system shall be observed.

15 Section 19. Sections 204, 205 and 206 of the act, amended  
16 May 17, 1980 (P.L.135, No.50), are amended to read:

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

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

29 (c) The time during which a member was absent from service  
30 without pay shall not be counted in computing the service of a

1 [contributor] member in his certificate, or upon retirement,  
2 unless specifically allowed by the municipality, with the  
3 approval of the board.

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

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

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

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

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

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

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

29 (i) A member may purchase credit for intervening or  
30 nonintervening military service only if his discharge or

1 separation from the service was granted under other than  
2 dishonorable conditions.

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

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

12 Section 205. Determination of Municipal Liability.--(a) The  
13 board shall as soon as may be, determine the present value of  
14 the liability of each municipality for the prior service credits  
15 to its original members, and shall establish an amount payable  
16 annually over a period not exceeding thirty years, through which  
17 payments such prior service liability may be funded. Each  
18 municipality shall have the option to spread the payment of such  
19 prior service liability over such period of years.

20 (b) The municipal liability shall be based upon credit for  
21 all years of prior service toward the municipal annuity of each  
22 original member, subject to such of the following options as the  
23 municipality may elect:

24 (1) [The] the municipality may limit to ten years the credit  
25 for prior service toward the municipal annuity of each original  
26 member; or

27 (2) [The] the municipality may assume the liability for  
28 payment of the member's contributions for the prior service or  
29 any portion thereof of each original member.

30 (c) The board shall also determine, from time to time, the

1 amount which shall be contributed annually by each municipality  
2 for service credits of original and new members subsequent to  
3 the time the municipality joined the system, and the additional  
4 amount which shall be contributed annually by each municipality  
5 toward a reserve account for disability allowances payable to  
6 original or new members, in order that all future service  
7 liability may be fully funded on an actuarial basis.

8 (d) The amounts so determined by the board may be expressed  
9 in a percentage of the payroll of the municipality covering its  
10 contributing members.

11 (e) The cost of making the valuations required by this  
12 section and in the transfer of any existing pension system of  
13 any municipality, shall be part of the costs of administration  
14 of this act.

15 Section 206. Contributions by Members; Consolidation of  
16 Credits; Change of Employment.--(a) Each member of the system  
17 shall be required to contribute to the fund three per cent of  
18 that portion of their actual salary or compensation, including  
19 fees where paid in part on a fee basis, on which social security  
20 benefits are payable, and six per cent of any salary,  
21 compensation or fees in excess of the amount on which social  
22 security benefits are payable. However, in the event of a  
23 [contributor] member who became a member prior to January 1,  
24 1979, the required rate of contribution shall be the lesser of  
25 the rate herein provided and the rate applicable to [said] the  
26 member upon his entry into the system.

27 (b) In order to increase his member's annuity, each member  
28 shall also have the option to make contributions for his prior  
29 service. [Such contributions] Contributions for prior service  
30 may be anticipated in whole or in part at the time the

1 municipality joins the system, or payment thereof or such part  
2 thereof as is not anticipated may be spread over a period of  
3 time by increasing the payroll deduction of the member by at  
4 least one-third. When a member elects to contribute on account  
5 of all of his unpaid prior service, his rate of contribution  
6 shall be calculated as of his age at the time he first entered  
7 the service of the municipality: Provided, however, That any  
8 municipality may, at the time it elects to join the system, or  
9 at any time thereafter, agree with the board to pay into the  
10 fund as part of its liability under and in accordance with  
11 section 205 [hereof], the moneys necessary to provide the  
12 member's contributions for prior service, and in such case no  
13 contributions for prior service shall be made by the members.

14 (c) Member's contributions shall be paid into the fund by  
15 the municipality through payroll deductions in such manner and  
16 at such time as the board may by rule and regulation determine.

17 (d) When a municipal [employe] employee is employed by more  
18 than one municipality, he shall be required to make  
19 contributions on account of his salary paid by each  
20 municipality. In such cases the board shall provide for the  
21 consolidation of credits of the [contributor] member and, upon  
22 his retirement, for a consolidated retirement allowance.

23 Section 20. Section 207 of the act, amended May 17, 1980  
24 (P.L.135, No.50) and November 29, 2004 (P.L.1331, No.169), is  
25 amended to read:

26 Section 207. Withdrawal; Return to Service; Death in  
27 Service.--(a) Should a [contributor] member, before reaching  
28 superannuation retirement age, for any reason cease to be a  
29 municipal employe, he shall be paid by the board the full amount  
30 of the accumulated deductions standing to his credit in the



1 member's account, unless he is entitled to vesting rights or to  
2 a retirement allowance for retirement not voluntarily, and  
3 elects to exercise such vesting rights or take such retirement  
4 allowance. Should [such] the former [contributor] member  
5 thereafter return to the service of the same municipality and  
6 restore to the fund, in such manner as may be agreed upon by  
7 [such] the person and the board, his withdrawn accumulated  
8 deductions as they were at the time of his separation from  
9 service, his annuity rights as they existed at the time of  
10 separation from service shall be restored and his obligations as  
11 a member shall begin again. The rate of contribution of [such]  
12 the returning member shall be the same as it was at the time he  
13 separated from service.

14 (b) Should a [contributor] member, having attained or passed  
15 superannuation age, elect, upon leaving the service of the  
16 municipality, not to claim the retirement allowance to which he  
17 is entitled, he shall, upon written application, be paid by the  
18 board the full amount of the accumulated deductions standing to  
19 his credit in the member's account and the balance in the  
20 member's excess investment account.

21 (c) (1) Should a person who has been retired on a  
22 retirement under this act, return to employment on a regular  
23 full-time basis in the same municipality, his retirement  
24 allowance shall cease, and in the case of an annuity, other than  
25 a disability annuity, the present value of such annuity shall be  
26 frozen as of the date such annuity ceases. Upon subsequent  
27 discontinuance of service, [such] the member, other than a  
28 former disability annuitant, shall be entitled to an annuity  
29 which is [actuarially equivalent to the sum of the present  
30 value] of an equivalent actuarial value as the annuity

1 previously being paid and the present value of the annuity  
2 earned by further service and further deductions added upon  
3 reemployment.

4 (2) For the purposes of this section if a person is  
5 reemployed [on a temporary, seasonal or part-time basis and his  
6 gross post-retirement earnings from such reemployment during the  
7 calendar year are less than five thousand dollars (\$5,000) or  
8 such other maximum as the board may establish, he shall not be  
9 deemed reemployed, but if and when his gross post-retirement  
10 earnings exceed five thousand dollars (\$5,000) or such other  
11 maximum as the board may establish in any calendar year he shall  
12 not be entitled to receive his retirement allowance for that  
13 month or any subsequent month in the calendar year in which he  
14 continues in service.] following commencement of his retirement  
15 allowance, he shall not be entitled to receive his retirement  
16 allowance for that month or any subsequent month in which he  
17 continues in service.

18 (3) Notwithstanding the provisions of paragraph (2), if such  
19 person is otherwise eligible to receive an in-service  
20 distribution of his retirement benefit by (i) attainment of  
21 normal retirement age as defined in the Internal Revenue Code,  
22 (ii) operation of Internal Revenue Code § 401(a)(36) or (iii)  
23 operation of any other provision as may be adopted by the board  
24 and consistent with the tax-qualification provisions of the  
25 Internal Revenue Code, his retirement allowance shall continue  
26 to be paid through such period of reemployment.

27 (4) The municipality [is required to] shall notify the board  
28 immediately of the reemployment status of any retired former  
29 [employee and file separate monthly reports of his gross earnings  
30 as prescribed by the board] employee.

1 (d) Should a [contributor] member die while in service,  
2 prior to becoming eligible for a retirement allowance, his  
3 accumulated deductions shall be paid to his estate, or to such  
4 person, if living, as he shall have designated in writing, filed  
5 with the board as his beneficiary. In case any [contributor]  
6 member has failed to designate a beneficiary, or if the named  
7 beneficiary has predeceased the member and no such successor  
8 beneficiary has been named, and upon the death in service shall  
9 have less than one hundred dollars (\$100) in accumulated  
10 deductions standing to his credit, the board may, if letters  
11 testamentary or of administration have not been taken out on his  
12 estate within six months after death, pay such accumulated  
13 deductions on the claim of the undertaker, or to any person or  
14 municipality which shall have paid the claim of the undertaker.

15 Section 21. Section 208 of the act, amended May 17, 1980  
16 (P.L. 135, No.50), is amended to read:

17 Section 208. Superannuation Retirement.--(a.1) Retirement  
18 for superannuation shall be [as follows:] provided in this  
19 section.

20 [(a)] (a.2) Any [contributor] member who has reached  
21 superannuation retirement age may retire for superannuation by  
22 filing with the board a written statement, duly attested,  
23 setting forth on what date he desires to be retired. [Said] The  
24 application shall make the superannuation retirement allowance  
25 effective on the date so specified, if [such] the application  
26 was filed in the office of the board or deposited in the United  
27 States mail, addressed to the board, before the date specified  
28 in the application and before the death of the [contributor]  
29 member, but the date so specified in the application shall not  
30 be more than ninety days after the date of filing, or the date

1 the application was deposited in the mail.

2 (b) On retirement for superannuation, a [contributor] member  
3 shall be entitled to a retirement allowance throughout his life,  
4 which shall consist of:

5 (1) A member's annuity of equivalent actuarial value of his  
6 accumulated deductions; and

7 (2) A municipal annuity which shall be equal to (i) for  
8 current service, one two-hundred-fiftieth of that portion of his  
9 final salary on which social security benefits are payable plus  
10 one one-hundred-twenty-fifth of any portion of his final salary  
11 in excess of the amount on which social security benefits are  
12 payable for each year of service while a member, and in addition  
13 thereto, (ii) for prior service in case of an original member,  
14 one two-hundred-fiftieth of that portion of his prior salary on  
15 which social security benefits are payable plus one one-hundred-  
16 twenty-fifth of any portion of his prior salary in excess of the  
17 amount on which social security benefits are payable for each  
18 year of prior service or for a maximum of ten years if the  
19 municipality has so limited the period of prior service, and in  
20 addition thereto, one two-hundred-fiftieth of his prior salary  
21 on which social security benefits are payable plus one one-  
22 hundred-twenty-fifth of any portion of his prior salary in  
23 excess of the amount on which social security benefits are  
24 payable for each year of prior service for which the  
25 municipality has paid or has obligated itself to pay the  
26 member's contributions. For the purposes of calculating the  
27 current service benefit, an average of the social security wage  
28 base will be determined for the period of time over which final  
29 salary is taken, and this average will be the basis for  
30 calculating the amount of salary on which social security

1 benefits are payable. For the purposes of calculating the prior  
2 service benefit, the social security wage base in effect on the  
3 date of the municipality's entry into the system will be used as  
4 the basis for calculating the amount of prior salary on which  
5 social security benefits are payable.

6 (c) In no event shall the municipal annuity at the time of  
7 retirement exceed fifty per cent of the final salary.

8 Section 22. Section 209 of the act is amended to read:

9 Section 209. Death Benefits.--(a) The provisions of  
10 subsection (b) and (c) of this section shall not apply to any  
11 member unless the municipality by which he is employed has  
12 elected by ordinance or resolution, to extend the provisions of  
13 this section to its employees. A duly certified copy of such  
14 ordinance or resolution shall be filed with the board.

15 (b) A [contributor] member to the system who is entitled to  
16 a superannuation retirement allowance by reason of having  
17 reached superannuation retirement age or who is entitled to a  
18 withdrawal allowance by reason of having completed twenty-four  
19 years of total service, may file with the board a written  
20 application for retirement, in the form required for [such] the  
21 application, but requesting that [such] the retirement shall  
22 become effective as of the time of his death, electing one of  
23 the options provided in section 211 and nominating a person  
24 having an insurable interest in his life under [said] the option  
25 as required in [said] that section. In all such cases, the  
26 application shall be held by the board until the [contributor]  
27 member shall file a later application in the usual manner for a  
28 superannuation retirement allowance or until the death of the  
29 [contributor] member occurring while in municipal service, at  
30 which time his retirement shall become effective with the same

benefits to the person designated as if the [contributor] member had retired on the day immediately preceding his death.

(c) A [contributor] member to the system who is entitled to a superannuation retirement allowance by reason of having reached superannuation retirement age or who is entitled to a withdrawal allowance by reason of having completed twenty-four years of total service and who has died in municipal service before filing with the board a written application for a superannuation retirement allowance as provided in subsection (b) of this section shall be considered as having elected Option 1 as provided in section 211 as of the date of his death. In such event, payment under Option 1 shall be made to the beneficiary designated in the nomination of beneficiary form on file with the board, or if [said] the beneficiary has predeceased the [contributor] member, to the legal representative of [said contributor] the member.

Section 23. Section 210 of the act, amended May 17, 1980 (P.L.135, No.50), is amended to read:

Section 210. Early Retirement.--Should a [contributor] member be discontinued from service not voluntarily, after having completed eight years of total service, or voluntarily after having completed twenty-four years of total service, but in either event before reaching superannuation retirement age, he shall be paid as he may elect, as follows:

(1) [The] the full amount of the accumulated deductions plus the balance in the member's excess investment account standing to his credit in the member's account of the fund; [or]

(2) [Upon] upon the filing of an application in the manner outlined in subsection (a) of section 208, a retirement allowance which shall consist of (i) a member's annuity of

1 equivalent actuarial value to his accumulated deductions plus  
2 the balance in the member's excess investment account; and (ii)  
3 a municipal annuity of equivalent actuarial value to the present  
4 value of a municipal annuity, beginning at superannuation  
5 retirement age, calculated in accordance with the provisions of  
6 section 208; or

7 (3) [If] if qualified, a deferred retirement allowance as  
8 provided in section 213.

9 Section 24. Section 211 of the act, amended June 10, 1982  
10 (P.L.446, No.131), is amended to read:

11 Section 211. Options on Superannuation or Early  
12 Retirement.--At the time of his superannuation or early  
13 retirement, a [contributor] member may elect to receive his  
14 benefits in a retirement allowance payable throughout his life,  
15 which shall be known as a single life annuity. In the event of  
16 the death of an annuitant who has elected to receive the maximum  
17 single life annuity before he has received in annuity payments  
18 the full amount of the total accumulated deductions standing to  
19 his credit on the effective date of retirement, the balance  
20 shall be paid to his designated beneficiary, or instead, he may  
21 elect to receive the equivalent actuarial value at that time of  
22 his retirement allowance in a lesser allowance, payable  
23 throughout life with provisions that:

24 (1) Option 1. If he shall die before receiving in payments  
25 the present value of his retirement allowance as it was at the  
26 time of his retirement, the balance, if less than five thousand  
27 dollars (\$5,000), shall be paid in a lump sum to his legal  
28 representative, or to or in trust for his beneficiary. If the  
29 balance is five thousand dollars (\$5,000) or more, the  
30 beneficiary may elect by application duly acknowledged and filed

1 with the board to receive payment of [such] the balance  
2 according to any one of the following provisions: (i) a lump sum  
3 payment; (ii) an annuity having a present value equal to the  
4 balance payable; (iii) a lump sum payment and an annuity. [Such]  
5 The annuity shall be of equivalent actuarial value to the  
6 balance payable less the amount of the lump sum payment  
7 specified by the beneficiary.

8 (2) Option 2. Upon his death, his retirement allowance  
9 shall be continued throughout the life of and paid to his  
10 survivor annuitant, if then living.

11 (3) Option 3. Upon his death, one-half of his retirement  
12 allowance shall be continued throughout the life of and paid to  
13 his survivor annuitant, if then living.

14 Section 25. Section 212 of the act, amended May 17, 1980  
15 (P.L.135, No.50) and June 10, 1982 (P.L.446, No.131), is amended  
16 to read:

17 Section 212. Disability Retirement.--(a) After a  
18 [contributor] member has had ten or more years of total service,  
19 he may, upon application or on the application of one acting in  
20 his behalf, or upon application of a head of the department of  
21 the municipality by which he is employed, be retired by the  
22 board on a disability allowance [if he is under superannuation  
23 retirement age, and on a superannuation retirement allowance if  
24 he has attained or passed such age,] if the physician designated  
25 by the board, after medical examination of the [contributor]  
26 member made at the place of residence of the [contributor]  
27 member or at a place mutually agreed upon, shall certify to the  
28 board that the [contributor] member is unable to engage in any  
29 gainful employment and that [said contributor] the member ought  
30 to be retired. When the disability of a [contributor] member is



1 determined to be service-connected, as defined in this act, no  
2 minimum period of service shall be required for eligibility.  
3 Application filing requirements shall be identical to those  
4 outlined in subsection (a) of section 208.

5 (b) On retirement for disability a member shall receive a  
6 retirement allowance which shall consist of:

7 (1) A member's annuity of the equivalent actuarial value to  
8 his accumulated deductions, plus the balance in the member's  
9 excess investment account[;]\_.

10 (2) A municipal annuity of the equivalent actuarial value to  
11 the present value of a municipal annuity, beginning at  
12 superannuation retirement age, calculated in accordance with the  
13 provision of section 208[; and]\_.

14 (3) A disability annuity payable from the total disability  
15 reserve account which, together with the member's annuity and  
16 the municipal annuity, shall be sufficient to produce a  
17 retirement allowance of thirty per cent of the final salary.  
18 Where the disability of the member is determined to be service-  
19 connected, as defined in this act, the retirement allowance  
20 shall equal fifty per cent of his final salary. The disability  
21 annuity shall be reduced by the amount of any payments for which  
22 the member shall be eligible under the act of June 2, 1915  
23 (P.L.736, No.338), known as "The Pennsylvania [Workmen's]  
24 Workers' Compensation Act," or the act of June 21, 1939  
25 (P.L.566, No.284), known as "The Pennsylvania Occupational  
26 Disease Act."

27 (c) Once every year the board may require any disability  
28 annuitant, while still under superannuation retirement age, to  
29 undergo medical examination by a physician designated by the  
30 board. [Such] The examination shall be made at the place of

1 residence of the beneficiary or other place mutually agreed  
2 upon. Should the physician report and certify to the board that  
3 [such] the disability beneficiary is no longer physically or  
4 mentally incapacitated for the performance of duty and is able  
5 to engage in a gainful occupation, then his disability  
6 retirement allowance shall be discontinued, and in lieu thereof  
7 an early involuntary retirement allowance shall at that time be  
8 granted as if [such] the person had been retired not  
9 voluntarily, if [such] the person shall have had eight or more  
10 years of total service.

11 (d) Should a disability annuitant, while under  
12 superannuation retirement age, refuse to submit to at least one  
13 medical examination in any year by a physician designated by the  
14 board, his disability retirement allowance shall be discontinued  
15 until the withdrawal of [such] the refusal, and should [such]  
16 the refusal continue for one year, then all his rights in and to  
17 any disability retirement allowance or for early involuntary  
18 retirement allowance provided for by this act, shall be  
19 forfeited.

20 (e) Any [contributor] member entitled to retire for  
21 disability may, in lieu of [such] retirement, if he has eight or  
22 more years of total service, elect to retire not voluntarily  
23 under the provisions of this act.

24 (f) Should a disability annuitant die before the total  
25 disability retirement allowance received shall be at least equal  
26 to the amount of his accumulated deductions plus the balance in  
27 the member's excess investment account at the time of disability  
28 retirement, then the board shall pay to the named beneficiary,  
29 if living, or if the beneficiary predeceased the annuitant, or  
30 no beneficiary was named, then to the annuitant's estate, an

1 amount equal to the difference between [such] the total  
2 retirement allowance received and the annuitant's accumulated  
3 deductions plus excess interest, and if [such] the difference is  
4 less than one hundred dollars (\$100) and no letters have been  
5 taken out on the estate within six months after death, then  
6 [such] the difference may be paid to the undertaker or to any  
7 person or municipality who or which shall have paid the claim of  
8 the undertaker.

9 Section 26. Sections 213, 214 and 215 of the act, amended  
10 May 17, 1980 (P.L.135, No.50), are amended to read:

11 Section 213. Vesting.--(a) Should a [contributor] member,  
12 before reaching superannuation retirement age and after having  
13 completed twelve years of total service, for any reason cease to  
14 be a municipal employe, he shall be entitled to vest his  
15 retirement benefits until he attains superannuation retirement  
16 age, by filing with the board a written notice of his intentions  
17 to vest, within ninety days of the date of his termination of  
18 employment. Accumulated deductions will include interest from  
19 date of termination until the earlier of the date of the  
20 commencement of the annuity or the date of payment of member  
21 contributions.

22 (b) A [contributor] member, who was terminated by the  
23 municipality not voluntarily, may elect, after he has vested, to  
24 be paid as follows:

25 (1) [The] the full amount of the accumulated deductions,  
26 including interest; [or]

27 (2) [An] an early retirement allowance as computed under the  
28 provisions of clause (2) of section 210; or

29 (3) [Upon] upon reaching superannuation retirement age, a  
30 superannuation retirement allowance as computed under the

1 provisions of section 208.

2 (c) A [contributor] member, who voluntarily terminated his  
3 employment, may elect, after he has vested, to be paid as  
4 follows:

5 (1) [The] the full amount of the accumulated deductions,  
6 including interest; [or]

7 (2) [If] if the [contributor] member has completed twenty-  
8 four years or more of total service, a voluntary withdrawal  
9 allowance computed in accordance with the provisions of section  
10 210; or

11 (3) [Upon] upon reaching superannuation retirement age, a  
12 superannuation retirement allowance as computed under the  
13 provisions of section 208.

14 (d) Should a [contributor] member, who has vested, die  
15 before he becomes eligible for a retirement allowance, the full  
16 amount of the accumulated deductions plus the balance in the  
17 member's excess investment account, including interest to the  
18 date of his death, standing to his credit in the member's  
19 account of the fund shall be paid to his estate or to his named  
20 beneficiary in accordance with the provisions of subsection (d)  
21 of section 207.

22 (e) Upon the termination of the retirement plan, all  
23 members, regardless of credited service, shall be deemed fully  
24 vested in their accrued benefit to the extent the benefits  
25 provided under the plan are funded as of the date of  
26 termination.

27 Section 214. Withdrawal Provisions.--(a) A municipality  
28 which has joined the retirement system created or continued  
29 under this [Article II] article may, for good and stated cause,  
30 file an application with the board for permission to withdraw

1 from the system if it meets all of the following requirements:

2 (1) The municipality has been enrolled in the system for a  
3 period of at least five years.

4 (2) The municipality has met all of its financial  
5 obligations to the system.

6 (3) The legislative body of the municipality has passed an  
7 ordinance or resolution signifying its intention to withdraw  
8 from the system.

9 (4) The municipality has certified to the board that an  
10 affirmative vote approving withdrawal from the system had been  
11 obtained from at least seventy-five per cent of all of the  
12 municipal [employees] employees affected by the ordinance or  
13 resolution.

14 (b) The board shall within ninety days of its receipt, take  
15 action on an application filed by a municipality for permission  
16 to withdraw from the system. If the application is approved the  
17 withdrawing municipality shall be entitled to receive a net  
18 refund of the amounts then standing to the credit of the  
19 municipality in the member's account, the member's excess  
20 investment account, the municipal account and the retired  
21 member's reserve accounts of the system. In no event shall the  
22 total amount of the net refund to the municipality exceed the  
23 pro rata interest of the withdrawing municipality in the net  
24 assets of the entire fund based on the market value of the  
25 investments of the fund as of the date of receipt of the  
26 application for permission to withdraw. The liability for the  
27 continuation of retirement or disability allowances being paid  
28 from the fund shall attach against the withdrawing municipality  
29 and be paid from funds transferred to a retirement system  
30 established subsequent to its withdrawal from the system or from

1 moneys appropriated annually from tax revenues sufficient to pay  
2 the same. If the board disapproves the application of the  
3 municipality for permission to withdraw from the system the  
4 board shall promptly notify the municipality of its decision and  
5 advise the municipality of the board's reason or reasons for  
6 disapproval. The board shall establish rules and regulations, in  
7 accordance with the provisions of clause (10) of section 104 of  
8 this act, governing the details of the procedures to be followed  
9 in the withdrawal of municipalities from the system.

10 Section 215. Procedures for Amending Contracts.--Any  
11 municipality which has joined the system under the provisions of  
12 this [Article II] article may, with the approval of the board,  
13 enter into a contract with the board as outlined in Article IV  
14 of this act, to increase any of the benefits enumerated in  
15 Article IV. The board shall not enter into any contract with any  
16 municipality which decreases benefits, nor shall it enter into  
17 any contract with a municipality which provides for benefits in  
18 excess of or minimum member's contribution rates less than those  
19 available to it under any other existing law pertaining to the  
20 establishment of retirement systems for that class of  
21 municipality, except to the extent that excess investment  
22 earnings are allocated to provide for additional pension  
23 benefits or member accruals as otherwise provided in this [law]  
24 act. Before the board approves any such contract it shall first  
25 determine, through its actuary, that the plan outlined in the  
26 contract is actuarially sound. Any municipality which elects to  
27 enter into a contract for increased benefits which would result  
28 in an increase in its [employees] employees contribution rates  
29 shall first obtain the written consent of at least seventy-five  
30 per cent of its then member [employees] employees. Additional

1 costs for contracted increases in benefits shall become the  
2 responsibility of the municipality and/or the members as  
3 specified in the contract.

4 Section 27. Article III heading and section 301 of the act  
5 are amended to read:

6 ARTICLE III  
7 PROVISIONS RELATING TO MUNICIPAL [FIREMEN] FIRE FIGHTERS AND  
8 MUNICIPAL POLICE OFFICERS

9 Section 301. Purpose.--This article [shall provide] provides  
10 for the uninterrupted continuation of retirement plans  
11 established under the act of July 31, 1968 (P.L.944, No.291),  
12 known as the "Municipal Police Retirement Law." It shall also  
13 provide for the enrollment of municipal [firemen] fire fighters  
14 and municipal police officers of new municipalities joining the  
15 system at the contribution rates and benefit rates outlined in  
16 this article of the act.

17 Section 28. Section 303 of the act, amended May 17, 1980  
18 (P.L.135, No.50), is amended to read:

19 Section 303. Existing Local Retirement Systems and  
20 Compulsory Membership.--(a) Where a municipality elects to join  
21 the system established by this act, and is then maintaining a  
22 retirement or pension system or systems covering its [employees]  
23 employees in whole or in part, those [employees] employees so  
24 covered, and [employees] employees thereafter eligible to join  
25 such pension system, shall not become members of the retirement  
26 system established by this act, unless at the time the  
27 municipality elects to join the system, the members of each such  
28 existing retirement or pension system shall, by the affirmative  
29 vote of seventy-five per cent of all the members of each pension  
30 system, elect to be covered by the retirement system established

1 by this act. At any time thereafter, within a period of three  
2 years after the municipality has elected to join the system, but  
3 not thereafter, the members of an existing retirement or pension  
4 system may, in like manner, elect to join the system established  
5 by this act. In any such case, provisions may be made for the  
6 transfer of moneys and securities in its retirement or pension  
7 fund or funds, in whole or in part, to the fund established by  
8 this act. Securities so transferred shall be only those  
9 acceptable to the board. Securities not so acceptable shall be  
10 converted into cash, and [said] the cash transferred to the fund  
11 created by this act. In any such transfer, provision shall be  
12 made to credit the accumulated deductions of each member, at  
13 least the amount he has paid into the retirement or pension  
14 system of the municipality, which moneys shall be credited  
15 against the prior service contributions of such member, or a  
16 municipality may turn over to the retirement system created by  
17 this act any existing local pension system on a completely  
18 funded basis, as to pensioners and pension credits of members  
19 related to prior service to the date of transfer, or on a  
20 partially funded basis if the municipality pays annually into  
21 the retirement system amounts sufficient to completely liquidate  
22 the municipality's liability for prior service within a period  
23 not to exceed thirty years.

24 (b) No liability, on account of retirement allowances or  
25 pensions being paid from any retirement or pension fund of the  
26 municipality, shall attach against the fund, except as provided  
27 in the agreement, making a transfer of an existing system in  
28 accordance with this section. The liability to continue payment  
29 of pensions not so transferred shall attach against the  
30 municipality, which shall annually make appropriations from its



1 tax revenues sufficient to pay the same. In cases where workers  
2 covered by an existing retirement or pension system elect to  
3 join the system created by this act, the election to join shall  
4 be deemed to have been made at the time the municipality elected  
5 to join the system, and the liabilities of the municipality  
6 shall be fixed accordingly.

7 (c) If a municipality elects to cover its municipal  
8 [firemen] fire fighters under the provisions of the system  
9 created by this [Article III] article, then each municipal  
10 [fireman] fire fighter shall be required to become a member of  
11 the system.

12 (d) If a municipality elects to cover its municipal police  
13 officers under the provisions of the system created by this  
14 [Article III] article, then each municipal [policeman] police  
15 officer shall be required to become a member of the system.

16 (e) When a municipality has established a policy of placing  
17 new [employees] employees on a probationary status it may elect  
18 to refrain from enrolling [such employees] the employees into the  
19 system for a period of up to one year from the date the  
20 probationary [employee] employee first entered the service of the  
21 municipality. In such cases service credits shall not be earned  
22 by the [employee] employee for probationary time served prior to  
23 enrollment. Notwithstanding any other provision herein, the  
24 board may, in its discretion, entertain a request from a  
25 municipality to join the system established by this act for  
26 those [employees] employees who are excluded from local pension  
27 plan coverage by virtue of the collective bargaining process or  
28 otherwise. The request to join the system must be accompanied by  
29 an affirmative vote of no less than three-fourths of those  
30 [employees] employees not covered by the local pension plan. The

benefits to be established may be in accordance with the provisions of this article or any other relevant pension law covering that class of municipality. The other requirements of this section for joining this system shall be observed.

Section 29. Section 304 of the act is amended to read:

Section 304. Separate Ordinances or Resolutions; Separate Accounts.--(a) Any municipality electing to cover both its municipal [firemen] fire fighters and municipal police officers under the system created by this [Article III] article shall be required to pass separate ordinances or resolutions covering each class of [employees] employees.

(b) The board shall maintain separate accounting records for municipal [firemen] fire fighters and for municipal police officers. However, in the interest of good investment practice, the board may, in its discretion, comingle moneys received from municipalities, municipal [employees] employees, municipal [firemen] fire fighters and municipal police officers.

Section 30. Sections 305, 306 and 307 of the act, amended May 17, 1980 (P.L.135, No.50), are amended to read:

Section 305. Service Allowance; Change of Employment; Military Service.--(a) In computing the length of service of a [contributor] member 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.

(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] The certificate shall be final and conclusive as to his prior service unless thereafter modified by the board,

1 upon application of the member.

2     (c) The time during which a member was absent from service  
3 without pay, except for military service, shall not be counted  
4 in computing the service of a [contributor] member in his  
5 certificate, or upon retirement unless specially allowed by the  
6 municipality, with the approval of the board.

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

16     (e) Any municipal [fireman] fire fighter or municipal  
17 [policeman] police officer employed by a municipality who has  
18 been a regularly appointed [fireman] fire fighter or [policeman]  
19 police officer for a period of at least six months and is an  
20 active member of the system and who thereafter, heretofore, or  
21 hereafter, shall be inducted into the military service of the  
22 United States in times of war, armed conflict, or National  
23 emergency, so proclaimed by the President of the United States,  
24 shall have credited to his employment record, for pension or  
25 retirement benefits, all of the time spent by him in [such] that  
26 military service during the continuance of such war, armed  
27 conflict, or National emergency if such person returns or has  
28 heretofore returned to his employment within six months after  
29 his separation from the service. The municipality shall, during  
30 the period of the member's intervening military service,

1 continue to make current service contributions toward the  
2 municipal annuity of the member. An active member may file an  
3 application with the board for permission to purchase credit  
4 toward his member's share of the annuity for intervening  
5 military service. These contributions shall be computed by  
6 applying the member's contribution rate to his annual rate of  
7 compensation at the time of entry of the member into active  
8 military service, and multiplying the result by the number of  
9 years and fractional part of a year of creditable intervening  
10 military service, together with interest from date of return to  
11 employment to date of purchase. The amount due from the member  
12 shall be certified by the board in accordance with methods  
13 approved by the actuary, and may be paid by (1) regular monthly  
14 payments during active military service, or (2) a lump sum  
15 payment within thirty days, or (3) it may be amortized with  
16 additional interest through salary deductions in amounts agreed  
17 upon by the member and the board.

18 (f) An active member may also purchase credit for other than  
19 intervening military service performed for the United States in  
20 times of war, armed conflict or National emergency, so  
21 proclaimed by the President of the United States, for a period  
22 not to exceed five years: Provided, That the member has  
23 completed five years of service to the municipality subsequent  
24 to [such] the military service. An active member may file an  
25 application with the board for permission to purchase credit for  
26 nonintervening military service upon completion of five years of  
27 subsequent service to the municipality. The type of service  
28 credit for [such] the service shall be determined by the date of  
29 entry of the municipality into the system. If the date of the  
30 member's separation from military service is prior to the date

1 on which the municipality joined the system, then the credit  
2 purchased shall be considered as prior service credit. In this  
3 case the amount due from the member shall be computed by  
4 applying the member's basic contribution rate plus the rate of  
5 contribution the municipality paid for current service during  
6 its first year of entry into the system to his prior salary and  
7 multiplying the result by the number of years and fractional  
8 part of a year of creditable nonintervening military service,  
9 plus interest from the later of the date of entry into the  
10 system and the date of the member's employment by the  
11 municipality to the date of purchase. The amount due from the  
12 member shall be certified by the board in accordance with  
13 methods approved by the actuary, and may be paid in a lump sum  
14 within thirty days or it may be amortized with additional  
15 interest through salary deductions in amounts agreed upon by the  
16 member and the board. If, on the other hand, the date of the  
17 member's separation from military service is later than the date  
18 of entry of the municipality into the system, then the credit  
19 purchased shall be considered as current service credit. In this  
20 case the amount due from the member shall be computed by  
21 applying the member's basic contribution rate plus the  
22 municipality's normal contribution rate for current service  
23 which was in effect on the date of the member's entry into  
24 employment with the municipality to his average annual rate of  
25 compensation over the first five years of his subsequent  
26 employment and multiplying the result by the number of years and  
27 fractional part of a year of creditable nonintervening military  
28 service being purchased, plus interest from the date of  
29 employment by the municipality to date of purchase.

30 (g) The amount due from the member shall be certified by the

1 board in accordance with methods approved by the actuary, and  
2 may be paid in a lump sum within thirty days or it may be  
3 amortized with additional interest through salary deductions in  
4 amounts agreed upon by the member and the board.

5 (h) The rate of interest to be charged to members on their  
6 purchase of credit for intervening or nonintervening military  
7 service shall be the rate being credited by the system to  
8 member's contribution accounts in effect on the date of the  
9 member's application, compounded annually.

10 (i) A member may purchase credit for intervening or  
11 nonintervening military service only if his discharge or  
12 separation from the service was granted under other than  
13 dishonorable conditions.

14 (j) A member may not purchase credit for any military  
15 service for which he is entitled to receive a retirement  
16 allowance from the United States Government.

17 (k) Applications for permission to purchase credit for  
18 military service must be accompanied by proof of the nature of  
19 his discharge or separation from the military service.

20 Section 306. Determination of Municipal Liability.--(a) The  
21 board shall, as soon as may be, determine the present value of  
22 the liability of each municipality for the prior service credits  
23 to its original members, and shall establish an amount payable  
24 annually over a period not exceeding thirty years, through which  
25 payments [such] the prior service liability may be funded. Each  
26 municipality shall have the option to spread the payment of  
27 [such] the prior service liability over such period of years.

28 (b) The municipal liability shall be based upon credit for  
29 all years of prior service toward the municipal annuity of each  
30 original member.

1     (c) The board shall also determine, from time to time, the  
2 amount which shall be contributed annually by each municipality,  
3 for service credits of original and new members subsequent to  
4 the time the municipality joined the system, and the additional  
5 amount which shall be contributed annually by each municipality  
6 toward a reserve account for disability allowances payable to  
7 original and new members, in order that all future service  
8 liability may be fully funded on an actuarial basis.

9     (d) The amounts so determined by the board may be expressed  
10 in a percentage of payroll of the municipality covering its  
11 contributing members.

12     (e) The payments made by the State Treasurer to the  
13 treasurer of the municipality from moneys received from taxes  
14 paid upon premiums by foreign fire insurance companies for  
15 purposes of pension, retirement or disability benefits for  
16 municipal [firemen] fire fighters shall be used as follows: (i)  
17 to reduce the unfunded liability or, after such liability has  
18 been funded, (ii) to apply against the annual obligation of the  
19 municipality for future service and disability reserve costs.  
20 [It shall be the duty of the] The governing body [to] shall  
21 apply [such] the payments in accordance with the provisions of  
22 this act.

23     (f) The payments made by the State Treasurer to the  
24 treasurer of the municipality from the moneys received from  
25 taxes paid upon premiums by foreign casualty insurance companies  
26 for purposes of pension, retirement or disability benefits for  
27 municipal policemen shall be used as follows: (i) to reduce the  
28 unfunded liability or, after such liability has been funded,  
29 (ii) to apply against the annual obligation of the municipality  
30 for future service and disability reserve costs. [It shall be

1 the duty of the] The governing body [to] shall apply [such] the  
2 payments in accordance with the provisions of this act.

3 (g) The cost of making the valuations required by this  
4 section and in the transfer of any existing pension system of  
5 any municipality, shall be part of the costs of administration  
6 of this act.

7 Section 307. Contributions by Members; Consolidation of  
8 Credits.--(a) Each single coverage member of the system created  
9 under this [Article III] article, shall be required to  
10 contribute no more than eight per cent of his salary or  
11 compensation to the fund based on a uniform contribution rate as  
12 determined by the actuary to provide the benefit under this  
13 article.

14 (b) The amount of contribution by each joint coverage member  
15 shall be computed in the manner described [above] in subsection  
16 (a) for a single coverage member, except that the amount of  
17 [such] the deductions from salary or compensation shall be  
18 reduced with respect to wages (as defined in the Federal  
19 Insurance Contributions Act (68A Stat. 417, 26 U.S.C. § 3121))  
20 by forty per cent of the tax on [employees] employees prescribed  
21 by the Federal Insurance Contributions Act exclusive of that  
22 portion of such tax attributable to disability coverage.

23 (c) Members' contributions shall be paid into the fund by  
24 the municipality through payroll deductions in such manner and  
25 at such time as the board may by rule and regulation determine.

26 Section 31. Section 308 of the act, amended May 17, 1980  
27 (P.L.135, No.50) and June 10, 1982 (P.L.446, No.131), is amended  
28 to read:

29 Section 308. Withdrawal; Return to Service; Death in  
30 Service.--(a) Should a [contributor] member, before reaching



1 superannuation retirement age, for any reason cease to be a  
2 municipal [fireman] fire fighter or a municipal [policeman]  
3 police officer, he shall be paid by the board the full amount of  
4 the accumulated deductions standing to his credit in the  
5 member's account, unless he is entitled to vesting rights or to  
6 a retirement allowance for retirement not voluntarily, and  
7 elects to exercise such vesting rights or take such retirement  
8 allowance. Should such former [contributor] member thereafter  
9 return to the service of the same municipality and restore to  
10 the fund, in such manner as may be agreed upon by [such] the  
11 person and the board, his withdrawn accumulated deductions as  
12 they were at the time of his separation from service, his  
13 annuity rights as they existed at the time of separation from  
14 service shall be restored and his obligations as a member shall  
15 begin again.

16 (b) Should a [contributor] member, having attained or passed  
17 superannuation age, elect, upon leaving the service of the  
18 municipality, not to claim the retirement allowance to which he  
19 is entitled, he shall, upon written application, be paid by the  
20 board the full amount of the accumulated deductions standing to  
21 his credit in the member's account, and the balance in the  
22 member's excess investment account.

23 (c) (1) Should a person who has been retired on a  
24 retirement allowance under this act, return to employment on a  
25 regular full-time basis in the same municipality, his retirement  
26 allowance shall cease, and in the case of an annuity, other than  
27 a disability annuity, the present value of [such] the annuity  
28 shall be frozen as of the date such annuity ceases. Upon  
29 subsequent discontinuance of service, such member, other than a  
30 former disability annuitant, shall be entitled to an annuity

1 which is [actuarially equivalent to the sum of the present  
2 value] of an equivalent actuarial value as the annuity  
3 previously being paid and the present value of the annuity  
4 earned by further service and further deductions added upon  
5 reemployment.

6 (2) For the purposes of this section if a person is  
7 reemployed [on a temporary or seasonal basis and his gross post-  
8 retirement earnings from such reemployment during the calendar  
9 year are less than five thousand dollars (\$5,000) or such other  
10 maximum as the board may establish, he shall not be deemed  
11 reemployed, but if and when his gross post-retirement earnings  
12 exceed five thousand dollars (\$5,000) or such other maximum as  
13 the board may establish in any calendar year he shall not be  
14 entitled to receive his retirement allowance for that month or  
15 any subsequent month in the calendar year in which he continues  
16 in service] following commencement of his retirement allowance,  
17 he shall not be entitled to receive his retirement allowance for  
18 that month or any subsequent month in which he continues in  
19 service.

20 (3) Notwithstanding the provisions of paragraph (2), if such  
21 person is otherwise eligible to receive an in-service  
22 distribution of his retirement benefit by (i) attainment of  
23 normal retirement age as defined in the Internal Revenue Code,  
24 (ii) operation of Internal Revenue Code § 401(a)(36) or (iii)  
25 operation of any other provision as may be adopted by the board  
26 and consistent with the tax-qualification provisions of the  
27 Internal Revenue Code, his retirement allowance shall continue  
28 to be paid through such period of reemployment. The municipality  
29 is required to notify the board immediately of the reemployment  
30 status of any retired former [employee and file separate monthly

1 reports of his gross earnings as prescribed by the board]  
2 employee.

3 (d) Should a [contributor] member die while in service,  
4 prior to becoming eligible for a retirement allowance, his  
5 accumulated deductions shall be paid to his estate, or to such  
6 person, if living, as he shall have designated, in writing,  
7 filed with the board as his beneficiary. In case any  
8 [contributor] member has failed to designate a beneficiary, or  
9 if the named beneficiary has predeceased the member and no  
10 successor beneficiary has been named, and upon the death in  
11 service shall have less than one hundred dollars (\$100) in  
12 accumulated deductions standing to his credit, the board may, if  
13 letters testamentary or of administration have not been taken  
14 out on his estate within six months after his death, pay [such]  
15 the accumulated deductions on the claim of the undertaker, or to  
16 such person or municipality which shall have paid the claim of  
17 the undertaker.

18 Section 32. Section 309 of the act, amended May 17, 1980  
19 (P.L.135, No.50), is amended to read:

20 Section 309. Superannuation Retirement.--Retirement for  
21 superannuation shall be as follows:

22 (1) Any [contributor] member who has reached superannuation  
23 retirement age may retire for superannuation by filing with the  
24 board a written statement, duly attested, setting forth on what  
25 date he desires to be retired. [Said] The application shall make  
26 the superannuation retirement allowance effective on the date so  
27 specified, if such application was filed in the office of the  
28 board or deposited in the United States mail, addressed to the  
29 board, before the date specified in the application and before  
30 the death of the [contributor] member, but the date so specified

1 in the application shall not be more than ninety days after the  
2 date of filing, or the date the application was deposited in the  
3 mail.

4 (2) On retirement for superannuation, a [contributor] member  
5 shall be entitled to a retirement allowance throughout his life,  
6 which shall consist of (i) a member's annuity of equivalent  
7 actuarial value to his accumulated deductions, and the balance  
8 in the member's excess investment account, and (ii) a municipal  
9 annuity which shall be equal to, for current service, one one-  
10 hundredth of his final salary for each year of service while a  
11 member, and, in addition thereto for prior service in the case  
12 of an original member, one one-hundredth of his prior salary for  
13 each year of prior service.

14 (3) The superannuation retirement allowance provided in this  
15 section or the withdrawal allowance provided in section 311, as  
16 the case may be, payable to a joint coverage member after the  
17 age at which social security old age insurance benefits become  
18 payable shall be reduced by an amount equal to forty per cent of  
19 the primary insurance amount of social security paid or payable  
20 to him. [Such] The reduction shall be subject to the following  
21 provisions: (i) the reduction in benefits in accordance with  
22 this clause [(3)] shall not be applied in the case of an  
23 annuitant until age sixty-five, unless such annuitant shall have  
24 elected to receive social security benefits prior to age sixty-  
25 five, (ii) the eligibility of such member for the old age  
26 insurance benefit (primary insurance amount) and the amount of  
27 such old age insurance benefit upon which the reduction in his  
28 allowance shall be based, shall be determined by the board in  
29 accordance with the provisions of the [Federal] Social Security  
30 Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), in effect on the

1 effective date of superannuation retirement, or withdrawal, of  
2 the member, except that in determining such eligibility and such  
3 amount only wages or compensation for service covered by the  
4 system shall be included, (iii) the reduction in benefits in  
5 accordance with this clause [(3)] shall apply only to that  
6 portion of benefits based on wages as defined in the Federal  
7 Insurance Contribution Act (68A Stat. 417, 26 U.S.C. § 3121),  
8 (iv) the reduction of benefits in accordance with this clause  
9 [(3)] shall be limited to the municipal annuity calculated in  
10 accordance with clause (2) of this section, (v) the total sum  
11 including social security old age insurance benefits to be  
12 received upon superannuation retirement or withdrawal by a joint  
13 coverage member shall not be less than the allowance that he  
14 would be paid as a single coverage member, (vi) whenever the  
15 amount of the reduction from the superannuation retirement  
16 allowance or the withdrawal allowance shall have been once  
17 determined, it shall remain fixed for the duration of the  
18 allowance, except that any decrease in the old age insurance  
19 benefit under the Federal Social Security Act shall result in a  
20 corresponding decrease in the amount of the reduction in the  
21 allowance, (vii) the reduction provided for in this clause [(3)]  
22 shall not apply to disability allowances payable under section  
23 313 of this act.

24 (4) In no event shall the municipal annuity at the time of  
25 retirement exceed fifty per cent of the [contributor's] member's  
26 final salary.

27 (5) Other provisions of this act notwithstanding, any member  
28 of a police force who was a member of a pension fund created  
29 under the provisions of the former act of May 29, 1956

30 (P.L.1804, No.600), and who was entitled to retire at the age of

1 fifty-five or sixty years after twenty years of total service,  
2 or at the age of fifty or fifty-five after twenty-five years of  
3 service, and to receive the pension provided by that act, shall  
4 have the same entitlement under the system created pursuant to  
5 this act. The municipal annuity, computed under subclause (ii)  
6 of clause (3) above, shall be increased as needed, in addition  
7 to the member's annuity, in order to pay any increased  
8 retirement allowance resulting from the provisions of the act.

9 Section 33. Section 310 of the act is amended to read:

10 Section 310. Death Benefits.--(a) A [contributor] member to  
11 the system who is entitled to a superannuation retirement  
12 allowance by reason of having reached superannuation retirement  
13 age or who is entitled to a withdrawal allowance by reason of  
14 having completed twenty-four years of total service, may file  
15 with the board a written application for retirement in the form  
16 required for [such] the application, but requesting that such  
17 retirement shall become effective as of the time of his death,  
18 electing one of the options provided in section 312 of this act  
19 and nominating a person having an insurable interest in his life  
20 under [said] that option as required in said section. In all  
21 such cases, the application shall be held by the board until the  
22 [contributor shall file] member files a later application in the  
23 usual manner for a superannuation retirement allowance or until  
24 the death of the [contributor] member occurring while in the  
25 municipal service, at which time his retirement shall become  
26 effective with the same benefits to the person designated as if  
27 the [contributor] member had retired on the day immediately  
28 preceding his death.

29 (b) A [contributor] member to the system who is entitled to  
30 a superannuation retirement allowance by reason of having

1 reached superannuation retirement age or who is entitled to a  
2 withdrawal allowance by reason of having completed twenty-four  
3 years of service and who has died in municipal service before  
4 filing with the board a written application for a superannuation  
5 retirement allowance as provided in subsection (a) of this  
6 section shall be considered as having elected Option 1 as  
7 provided in section 312 as of the date of his death. In such  
8 event, payment under Option 1 shall be made to the beneficiary  
9 designated in the nomination of beneficiary form on file with  
10 the board, or if said beneficiary has predeceased the  
11 [contributor] member, to the legal representative of [said  
12 contributor] the member.

13 Section 34. Section 311 of the act, amended May 17, 1980  
14 (P.L.135, No.50), is amended to read:

15 Section 311. Early Retirement.--Should a [contributor]  
16 member be discontinued from service not voluntarily after having  
17 completed eight years of total service, or voluntarily after  
18 having completed twenty-four years of total service, but in  
19 either event before reaching superannuation retirement age, he  
20 shall be paid as he may elect, as follows:

21 (1) [The] the full amount of his accumulated deductions plus  
22 the balance in the member's excess investment account standing  
23 to his credit in the member's account of the fund; [or]

24 (2) [Upon] upon the filing of an application in the manner  
25 outlined in section 309(1) a retirement allowance which shall  
26 consist of: (i) a member's annuity of equivalent actuarial value  
27 to his accumulated deductions, plus the balance in the member's  
28 excess investment account, and (ii) a municipal annuity of  
29 equivalent actuarial value to the present value of a municipal  
30 annuity, beginning at superannuation retirement age, calculated

1 in accordance with the provisions of section 309; or

2 (3) [If] if qualified, a deferred retirement allowance as  
3 provided in section 314.

4 Section 35. Section 312 of the act, amended June 10, 1982  
5 (P.L.446, No.131), is amended to read:

6 Section 312. Options on Superannuation or Early  
7 Retirement.--At the time of his superannuation or early  
8 retirement, a [contributor] member may elect to receive his  
9 benefits in a retirement allowance payable throughout his life,  
10 which shall be known as a single life annuity. In the event of  
11 the death of an annuitant who has elected to receive the maximum  
12 single life annuity before he has received in annuity payments  
13 the full amount of the total accumulated deductions standing to  
14 his credit on the effective date of retirement, the balance  
15 shall be paid to his designated beneficiary, or instead, he may  
16 elect, to receive the actuarial equivalent value at that time of  
17 his retirement allowance in a lesser allowance, payable  
18 throughout life with provisions that:

19 (1) Option 1. If he [shall die] dies before receiving in  
20 payments the present value of his retirement allowance as it was  
21 at the time of his retirement, the balance, if less than five  
22 thousand dollars (\$5,000) shall be paid in a lump sum to his  
23 legal representative, or to or in trust for his beneficiary. If  
24 the balance is five thousand dollars (\$5,000) or more, the  
25 beneficiary may elect by application duly acknowledged and filed  
26 with the board to receive payment of [such] the balance  
27 according to any of the following provisions: (i) a lump sum  
28 payment, (ii) an annuity having a present value equal to the  
29 balance payable, (iii) a lump sum payment and an annuity. [Such]  
30 The annuity shall be of equivalent actuarial value to the



1 balance payable less the amount of the lump sum payment  
2 specified by the beneficiary.

3 (2) Option 2. Upon his death his retirement allowance shall  
4 be continued throughout the life of and paid to his survivor  
5 annuitant, if then living.

6 (3) Option 3. Upon his death, one-half of his retirement  
7 allowance shall be continued throughout the life of and paid to  
8 his survivor annuitant, if then living.

9 Section 36. Section 313 of the act, amended May 17, 1980  
10 (P.L.135, No.50) and June 10, 1982 (P.L.446, No.131), is amended  
11 to read:

12 Section 313. Disability Retirement.--(a) After a  
13 [contributor] member has had ten or more years of total service,  
14 he may, upon application or on application of one acting in his  
15 behalf, or upon application of a head of the department of the  
16 municipality by which he is employed, be retired by the board on  
17 a disability allowance [if he is under superannuation retirement  
18 age, and on a superannuation retirement allowance if he has  
19 attained or passed such age,] if the physician designated by the  
20 board, after medical examination of the [contributor] member  
21 made at the place of residence of the [contributor] member or at  
22 a place mutually agreed upon, [shall certify] certifies to the  
23 board that the [contributor] member is unable to engage in any  
24 gainful employment and that [said contributor] the member ought  
25 to be retired. When the disability of a [contributor] member is  
26 determined to be service-connected, as defined in this act, no  
27 minimum period of service shall be required for eligibility.  
28 Application filing requirements shall be identical to those  
29 outlined in clause (1) of section 309.

30 (b) On retirement for disability, a member shall receive a

1 retirement allowance which shall consist of:

2 (1) A member's annuity of equivalent actuarial value to his  
3 accumulated deductions, plus the balance in the member's excess  
4 investment account[;]\_.

5 (2) A municipal annuity of equivalent actuarial value to the  
6 present value of a municipal annuity, beginning at  
7 superannuation retirement age, calculated in accordance with the  
8 provisions of section 309[; and]\_.

9 (3) A disability annuity payable from the total disability  
10 reserve account which, together with the member's annuity and  
11 the municipal annuity, shall be sufficient to produce a  
12 retirement allowance of thirty per cent of the [contributor's]  
13 member's final salary. Where the disability of the member is  
14 determined to be service-connected, as defined in this act, the  
15 retirement allowance shall equal fifty per cent of his final  
16 salary. The disability annuity shall be reduced by the amount of  
17 any payments for which the member shall be eligible under the  
18 act of June 2, 1915 (P.L.736, No.338), known as "The  
19 Pennsylvania [Workmen's] Workers' Compensation Act," or the act  
20 of June 21, 1939 (P.L.566, No.284), known as "The Pennsylvania  
21 Occupational Disease Act."

22 (c) Once every year the board may require any disability  
23 annuitant, while still under superannuation retirement age, to  
24 undergo medical examination by a physician designated by the  
25 board, and [such] the examination shall be made at the place of  
26 residence of the annuitant or other place mutually agreed upon.  
27 Should the physician report and certify to the board that [such]  
28 the disabled annuitant is no longer physically or mentally  
29 incapacitated for the performance of duty and is able to engage  
30 in a gainful occupation, then his disability retirement

1 allowance shall be discontinued, and in lieu thereof an early  
2 involuntary retirement allowance shall at that time be granted  
3 as if [such] the person had been retired not voluntarily, if  
4 [such] the person [shall have] has eight or more years of total  
5 service.

6 (d) Should a disability annuitant, while under  
7 superannuation retirement age, refuse to submit to at least one  
8 medical examination in any year by a physician designated by the  
9 board, his disability retirement allowance shall be discontinued  
10 until withdrawal of [such] the refusal, and should [such] the  
11 refusal continue for one year, then all his rights in and to any  
12 disability retirement allowance or for early involuntary  
13 retirement allowance provided by this act shall be forfeited.

14 (e) Any [contributor] member entitled to retire for  
15 disability may, in lieu of such retirement, if he has eight or  
16 more years of total service, elect to retire not voluntarily  
17 under the provisions of this act.

18 (f) Should a disability annuitant die before the total  
19 disability retirement allowance received [shall be] is at least  
20 equal to the amount of his accumulated deductions plus the  
21 balance in the member's excess investment account at the time of  
22 disability retirement, then the board shall pay to the named  
23 beneficiary, if living, or if the named beneficiary predeceased  
24 the annuitant, or no beneficiary was named, then to the  
25 annuitant's estate, an amount equal to the difference between  
26 [such] the total retirement allowance received and the  
27 annuitant's accumulated deductions, and if [such] the difference  
28 is less than one hundred dollars (\$100) and no letters have been  
29 taken out on the estate within six months after death, then  
30 [such] the difference may be paid to the undertaker or to any

1 person or municipality who or which [shall have] paid the claim  
2 of the undertaker.

3 Section 37. Section 314 of the act, amended May 17, 1980  
4 (P.L.135, No.50), is amended to read:

5 Section 314. Vesting.--(a) Should a [contributor] member,  
6 before reaching superannuation retirement age and after having  
7 completed twelve years of total service, for any reason cease to  
8 be a municipal [fireman] fire fighter or a municipal [policeman]  
9 police officer, he shall be entitled to vest his retirement  
10 benefits until he attains superannuation retirement age, by  
11 filing with the board a written notice of his intentions to  
12 vest, within ninety days of the date of his termination of  
13 employment. Accumulated deductions will include interest from  
14 date of termination until the earlier of the date of the  
15 commencement of the annuity or the date of payment of member  
16 contributions.

17 (b) A [contributor] member, who was terminated by the  
18 municipality not voluntarily, may elect, after he has vested, to  
19 be paid as follows:

20 (1) [The] the full amount of the accumulated deductions plus  
21 the balance in the member's excess investment account, including  
22 interest; [or]

23 (2) [An] an early retirement allowance as computed under the  
24 provisions of clause (2) of section 311; or

25 (3) [Upon] upon reaching superannuation retirement age, a  
26 superannuation retirement allowance as computed under the  
27 provisions of section 309.

28 (c) A [contributor] member, who voluntarily terminated his  
29 employment, may elect, after he has vested, to be paid as  
30 follows:

1 (1) [The] the full amount of the accumulated deductions plus  
2 the balance in the member's excess investment account, including  
3 interest; [or]

4 (2) [If the contributor] if the member has completed twenty-  
5 four years or more of total service, a voluntary withdrawal  
6 allowance computed in accordance with the provisions of section  
7 311; or

8 (3) [Upon] upon reaching superannuation retirement age, a  
9 superannuation retirement allowance as computed under the  
10 provisions of section 309.

11 (d) Should a [contributor] member, who has vested, die  
12 before he becomes eligible for a retirement allowance, the full  
13 amount of the accumulated deductions plus the balance in the  
14 member's excess investment account, including interest to the  
15 date of his death, standing to his credit in the member's  
16 account of the fund shall be paid to his estate or to his named  
17 beneficiary in accordance with the provisions of subsection (d)  
18 of section 308.

19 (e) Upon the termination of the retirement plan, all  
20 members, regardless of credited service, shall be deemed fully  
21 vested in their accrued benefit to the extent the benefits  
22 provided under the plan are funded as of the date of  
23 termination.

24 Section 38. Section 315 of the act is amended to read:

25 Section 315. Compliance.--When a municipality joins the  
26 system, its action shall be construed as compliance with the  
27 provisions of the former act of May 29, 1956 (P.L.1804, No.600),  
28 or any other statute requiring the creation of a pension or  
29 retirement system for [firemen] fire fighters or police  
30 officers.

Section 39. Sections 316 and 317 of the act, amended May 17, 1980 (P.L.135, No.50), are amended to read:

Section 316. Withdrawal Provisions.--(a) A municipality which has joined the retirement system created or continued under this [Article III] article may, for good and stated cause, file an application with the board for permission to withdraw from the system if it meets all of the following requirements:

(1) The municipality has been enrolled in the system for a period of at least five years.

(2) The municipality has met all of its financial obligations to the system.

(3) The legislative body of the municipality has passed an ordinance or resolution signifying its intention to withdraw from the system.

(4) The municipality has certified to the board that an affirmative vote approving withdrawal from the system had been obtained from at least seventy-five per cent of all of the municipal [employees] employees affected by the ordinance or resolution.

(b) The board shall within ninety days of its receipt, take action on an application filed by a municipality for permission to withdraw from the system. If the application is approved the withdrawing municipality shall be entitled to receive a net refund of the amounts then standing to the credit of the municipality in the member's account, member's excess investment account, the municipal account and the retired member's reserve accounts of the system. In no event shall the total amount of the net refund to the municipality exceed the pro rata interest of the withdrawing municipality in the net assets of the entire fund based on the market value of the investments of the fund as

1 of the date of receipt of the application for permission to  
2 withdraw. The liability for the continuation of retirement or  
3 disability allowances being paid from the fund shall attach  
4 against the withdrawing municipality and be paid from funds  
5 transferred to a retirement system established subsequent to its  
6 withdrawal from the system or from moneys appropriated annually  
7 from tax revenues sufficient to pay the same. If the board  
8 disapproves the application of the municipality for permission  
9 to withdraw from the system the board shall promptly notify the  
10 municipality of its decision and advise the municipality of the  
11 board's reason or reasons for disapproval. The board shall  
12 establish rules and regulations, in accordance with the  
13 provisions of clause (10) of section 104 of this act, governing  
14 the details of the procedures to be followed in the withdrawal  
15 of municipalities from the system.

16 Section 317. Procedures for Amending Contracts.--Any  
17 municipality which has joined the system under the provisions of  
18 this [Article III] article may, with the approval of the board,  
19 enter into a contract with the board as outlined in Article IV  
20 of this act, to increase any of the benefits enumerated in  
21 Article IV. The board shall not enter into any contract with any  
22 municipality which decreases benefits, nor shall it enter into  
23 any contract with a municipality which provides for benefits in  
24 excess of or minimum members contribution rates less than those  
25 available to it under any other existing law pertaining to the  
26 establishment of retirement systems for that class of  
27 municipality, except to the extent that excess investment  
28 earnings are allocated to provide for additional pension  
29 benefits or member accruals as otherwise provided in this law.  
30 Before the board approves any such contract it shall first

determine, through its actuary, that the plan outlined in the contract is actuarially sound. Any member municipality which elects to enter into a contract for increased benefits which would result in an increase in its [employees] employees contribution rates shall first obtain the written consent of at least seventy-five per cent of its then member [employees] employees. Additional costs for contracted increases in benefits shall become the responsibility of the municipality and/or the members as specified in the contract.

Section 40. Section 401 of the act is amended to read:

Section 401. Purpose.--This article [shall provide] provides for the optional enrollment of those municipalities in the Pennsylvania Municipal Retirement System which want to offer retirement benefits to their [employees] employees different from those available under Article II and Article III of this act. It shall also provide for increasing member benefits for municipalities formerly enrolled under the provisions of Article II and Article III of this act.

Section 41. Section 402 of the act, amended November 29, 2004 (P.L.1331, No.169), is amended to read:

Section 402. Existing Local Retirement Systems and Compulsory and Optional Membership.--(a) Where a municipality elects to join the system [established by this act] under the provisions of this article, and is then maintaining a retirement or pension system or systems covering its [employees] employees in whole or in part, those [employees] employees so covered, and [employees] employees thereafter eligible to join such pension system, shall not become members of the retirement system established by this act, unless at the time the municipality elects to join the system, the members of each such existing



1 retirement or pension system shall, by the affirmative vote of  
2 seventy-five per cent of all the members of each pension system,  
3 elect to be covered by the retirement system established by this  
4 act. At any time thereafter, within a period of three years  
5 after the municipality has elected to join the system, but not  
6 thereafter, the members of an existing retirement or pension  
7 system may, in like manner, elect to join the system established  
8 by this act. In any such case, provisions may be made for the  
9 transfer of moneys and securities in its retirement or pension  
10 fund or funds, in whole or in part, to the fund established by  
11 this act. Securities so transferred shall be only those  
12 acceptable to the board. Securities not so acceptable shall be  
13 converted into cash, and [said] the cash transferred to the fund  
14 created by this act. In any such transfer, provision shall be  
15 made to credit the accumulated deductions of each member, at  
16 least the amount he has paid into the retirement or pension  
17 system of the municipality, which moneys shall be credited  
18 against the prior service contributions of [such] the member, or  
19 a municipality may turn over to the retirement system created by  
20 this act any existing local pension system on a completely  
21 funded basis, as to pensioners and pension credits of members  
22 related to prior service to the date of transfer, or on a  
23 partially funded basis if the municipality pays annually into  
24 the retirement system amounts sufficient to completely liquidate  
25 the municipality's liability for prior service within a period  
26 not to exceed thirty years.

27 (b) No liability, on account of retirement allowances or  
28 pensions being paid from any retirement or pension fund of the  
29 municipality, shall attach against the fund, except as provided  
30 in the agreement, making a transfer of an existing system in

1 accordance with this section. The liability to continue payment  
2 of pensions not so transferred shall attach against the  
3 municipality, which shall annually make appropriations from its  
4 tax revenues sufficient to pay the same. In cases where workers  
5 covered by an existing retirement or pension system elect to  
6 join the system created by this act, the election to join shall  
7 be deemed to have been made at the time the municipality elected  
8 to join the system, and the liabilities of the municipality  
9 shall be fixed accordingly.

10     (c) If a municipality elects to join the system under the  
11 provisions of this [Article IV] article, it shall first  
12 negotiate a contract with the board, acceptable to both the  
13 municipality and the board, which shall set forth all the  
14 specific details of municipal and member contribution rates and  
15 benefits. The municipality shall then pass an ordinance or  
16 resolution electing to join the system, and confirming the terms  
17 of the contract by reference thereto. Separate contracts and  
18 separate resolutions shall be executed for each class of  
19 [employees] employees, namely municipal [employees] employees,  
20 municipal [firemen] fire fighters and municipal police officers  
21 in those cases where the municipality elects to bring more than  
22 one class of its [employees] employees into the system.

23     (d) When a municipality elects to enroll its municipal  
24 [employees] employees into the system, then each officer other  
25 than elected officers, and each municipal [employee] employee  
26 thereof, employed on a full-time basis, shall be required to  
27 become a member of the system. Each municipality shall determine  
28 whether membership in [said] the system for elected officials  
29 and [employees] employees hired on a temporary, seasonal or part-  
30 time basis shall be compulsory, optional or prohibited. Where

1 membership may be optional with an elected officer or an  
2 [employee] employee hired on a temporary, seasonal or part-time  
3 basis, an election to join the system must be made within one  
4 year after the municipality elected to join the system or within  
5 one year after the officer or temporary, seasonal or part-time  
6 [employee] employee first entered the service of the  
7 municipality. For an employee who chooses not to enroll, the  
8 declination of membership shall apply for the period of time the  
9 employee serves continuously in that optional category. If there  
10 is a break in service and the employee returns, the employee  
11 shall not be permitted to purchase optional membership time  
12 previously declined, but may be enrolled as a member for future  
13 optional service, if the employee so chooses. If the employee  
14 returns to service where membership is mandatory, the member  
15 shall be required to join the plan, on a prospective basis only.  
16 Officers and [employees] employees paid only on a fee basis shall  
17 not be eligible to join the system.

18 (e) When a municipality elects to enroll its municipal  
19 [firemen] fire fighters or its municipal police officers into  
20 the system, then each municipal [fireman] fire fighter or each  
21 municipal [policeman] police officer, as defined in section 102  
22 of this act, shall be required to become a member of the system.

23 (f) When a municipality has established a policy of placing  
24 new [employees] employees on a probationary status it may elect  
25 to refrain from enrolling such [employees] employees into the  
26 system for a period of up to one year from the date the  
27 probationary [employee] employee first entered the service of the  
28 municipality. In such cases service credits shall not be earned  
29 by the [employee] employee for probationary time served prior to  
30 enrollment. Notwithstanding any other provision [herein] in this

1 act, the board may, in its discretion, entertain a request from  
2 a municipality to join the system established by this act for  
3 those [employees] employees who are excluded from local pension  
4 plan coverage by virtue of the collective bargaining process or  
5 otherwise. The request to join the system must be accompanied by  
6 an affirmative vote of no less than three-fourths of those  
7 [employees] employees not covered by the local pension plan. The  
8 benefits to be established may be in accordance with the  
9 provisions of this article or any other relevant pension law  
10 covering that class of municipality. The other requirements of  
11 this section for joining this system shall be observed.

12 Section 42. Sections 403 and 404 of the act, amended May 17,  
13 1980 (P.L.135, No.50), are amended to read:

14 Section 403. Contract Provisions.--(a) Any contract for an  
15 optional retirement plan entered into between a municipality and  
16 the board shall not provide for any benefits in excess of or  
17 minimum member's contribution rates less than those available to  
18 that municipality for that class of [employees] employees under  
19 any existing law pertaining to the establishment of a retirement  
20 or pension system, except to the extent that excess investment  
21 earnings are allocated to provide for additional pension  
22 benefits or member accruals as otherwise provided in this law.

23 (b) The contract shall specifically state the following  
24 terms and conditions:

25 (1) The superannuation retirement age at which a member  
26 shall become eligible for a full normal retirement allowance in  
27 accordance with the formula specified in the contract.

28 (2) Length of service requirements which must be met before  
29 a member becomes eligible for either a superannuation retirement  
30 allowance, an early retirement allowance and the method of

determining any reduction factors involved in the computation of the amount of the allowance because of retirement prior to attaining superannuation age.

(3) Provisions for the refunding of accumulated deductions plus excess interest to [employees] employees who leave the service of the municipality before they become eligible for any type of retirement benefit and whether or not the [employee] employee shall be entitled to interest earned on contributions.

(4) Provisions relating to the types and amounts of disability retirement benefits for which a member may become eligible, and the qualifications therefore.

(5) The availability of any vesting or deferred benefits to which a member may become entitled.

(6) A description of the amount and the manner in which a member may qualify for any death benefits, both before and after retirement, including any prescribed payments to widows or children under eighteen years of age.

(7) The formula used to determine the amount of normal retirement benefits, including an explanation of the salary or compensation to be used in the computations, and a statement concerning any social security offset provisions included in the contract.

(8) A description of any optional methods of payment of retirement allowances available to a member.

(9) Any provisions for cost-of-living increases, and limitations thereon, which may be included.

(10) The manner in which the rate or rates of [employee] employee contributions shall be determined, together with any provisions for additional voluntary contributions.

(11) The manner in which the rates of contribution from the

1 municipalities shall be determined.

2 (12) The manner in which costs for prior service for which  
3 the municipality is willing to assume liability shall be  
4 determined, with respect to both the municipality's share and  
5 the member's share, if any.

6 (13) The manner in which credit for any allowable military  
7 service shall be determined and the manner in which costs of  
8 service shall be paid.

9 (14) Any other information which might have a bearing on the  
10 costs or benefits of the retirement plan which might be required  
11 by the board in the administration of the plan.

12 Section 404. Determination of Municipal Liability.--(a) The  
13 board shall, as soon as may be, determine the present value of  
14 the liability of each municipality for any prior service credits  
15 it has elected to extend to its original members, and shall  
16 establish an amount payable [annually] in accordance with the  
17 "Municipal Pension Funding Standard and Recovery Act," where  
18 applicable and where inapplicable over a period not exceeding  
19 thirty years, through which payments [such] the prior service  
20 liability may be funded. Each municipality shall have the option  
21 to spread the payment of [such] the prior service liability over  
22 [such] the period of years.

23 (b) The municipal liability shall be based upon credit for  
24 those years of prior service toward the municipal annuity of  
25 each original member, for which the municipality has agreed to  
26 pay, plus any liability for payment of the member's  
27 contributions for the prior service or any portion thereof of  
28 each original member which the municipality has agreed to pay.

29 (c) The board shall also determine, from time to time, the  
30 amount which shall be contributed annually by each municipality

1 for service credits of original and new members subsequent to  
2 the time the municipality joined the system, and the additional  
3 amount which shall be contributed annually by each municipality  
4 toward a reserve account for disability allowance payable to  
5 original and new members, in order that all future service  
6 liability may be fully funded on an actuarial basis.

7 (d) The amounts so determined by the board may be expressed  
8 in a percentage of the payroll of the municipality covering its  
9 contributing members.

10 [The payments made by the State Treasurer to the treasurer of  
11 the municipality from moneys received from taxes paid upon  
12 premiums by foreign fire insurance companies for purposes of  
13 pension, retirement or disability benefits for municipal firemen  
14 shall be used as follows: (i) to reduce the unfunded liability  
15 or, after such liability has been funded, (ii) to apply against  
16 the annual obligation of the municipality for future service and  
17 disability reserve costs, and (iii) to reduce member  
18 contributions. It shall be the duty of the governing body to  
19 apply such payments in accordance with the provisions of this  
20 act.

21 The payments made by the State Treasurer to the treasurer of  
22 the municipality from the moneys received from taxes paid upon  
23 premiums by foreign casualty insurance companies for purposes of  
24 pension, retirement or disability benefits for municipal  
25 policemen shall be used as follows: (i) to reduce the unfunded  
26 liability or, after such liability has been funded, (ii) to  
27 apply against the annual obligation of the municipality for  
28 future service and disability reserve costs, and (iii) to reduce  
29 member contributions. It shall be the duty of the governing body  
30 to apply such payments in accordance with the provisions of this

1 act.]

2 (e) The cost of making the valuations required by this  
3 section and in the transfer of any existing pension system of  
4 any municipality, shall be part of the costs of administration  
5 of this act.

6 Section 43. Section 405 of the act is amended to read:

7 Section 405. Contributions by Members; Consolidation of  
8 Credits; Change of Employment.--(a) Each member of the system  
9 shall be required to contribute to the fund such per cent of his  
10 actual salary or compensation, including fees where paid in part  
11 on a fee basis, as specified in the contract, which  
12 contributions shall be paid into the fund by the municipality  
13 through payroll deductions in such manner and at such time as  
14 the board may by rule and regulation determine.

15 (b) If such provision is contained in the contract between  
16 the municipality and the board, each member may increase his  
17 member's annuity by electing to make such additional voluntary  
18 contributions as prescribed [therein] in the contract.

19 (c) When a member is employed by more than one municipality,  
20 he shall be required to make contributions on account of his  
21 salary paid by each municipality. In such cases the board shall  
22 provide for the consolidation of credits of the [contributor]  
23 member, and upon his retirement, for a consolidated retirement  
24 allowance.

25 (d) When a [contributor] member leaves the employ of a  
26 municipality which has joined the system, and enters into the  
27 employ of another municipality which has also joined the system,  
28 his service credits shall remain unimpaired, but in such cases  
29 any unpaid municipal liability for prior service shall be  
30 prorated by the board between the municipalities on an equitable



1 basis.

2 Section 44. Section 406 of the act, amended May 17, 1980  
3 (P.L.135, No.50) and November 29, 2004 (P.L.1331, No.169), is  
4 amended to read:

5 Section 406. Withdrawal; Return to Service; Death in  
6 Service.--(a) Should a [contributor] member, before reaching  
7 superannuation retirement age, for any reason terminate his  
8 employment with the municipality, he shall receive a refund of  
9 his contributions in full, either with or without interest and  
10 excess interest earned as specified in the contract, unless he  
11 may be entitled to a retirement allowance for early retirement,  
12 and elects to take [such] the retirement allowance. Should  
13 [such] the former [contributor] member thereafter return to the  
14 service of the same municipality and restore to the fund in such  
15 manner as may be agreed upon by [such] the person and the board,  
16 his withdrawn contributions as they were at the time of his  
17 separation from service, his annuity rights as they existed at  
18 the time of separation from service, shall be restored and his  
19 obligations as a member shall begin again. [The rate of  
20 contribution of such returning member shall be the same as it  
21 was at the time he separated from service.]

22 (b) Should a [contributor] member, having attained or passed  
23 superannuation age, elect, upon leaving the service of the  
24 member municipality, not to claim the retirement allowance to  
25 which he is entitled, he shall, upon written application, be  
26 paid by the board the full amount of his contributions standing  
27 to his credit in the member's account, either with or without  
28 interest earned and the amount in his excess investment account  
29 as stipulated in the contract.

30 (c) (1) Should a person who has been retired on a

1 retirement allowance under this act, return to employment on a  
2 regular full-time basis in the same municipality, his retirement  
3 allowance shall cease, and in the case of an annuity, other than  
4 a disability annuity, the present value of [such] the annuity  
5 shall be frozen as of the date [such] the annuity ceases. Upon  
6 subsequent discontinuance of service, [such] the member, other  
7 than a former disability annuitant, shall be entitled to an  
8 annuity which is [actuarially equivalent to the sum of the  
9 present value] of an equivalent actuarial value as the annuity  
10 previously being paid and the present value of the annuity  
11 earned by further service and further deductions added upon  
12 reemployment.

13 (2) For the purposes of this section if a person is  
14 reemployed [on a temporary, seasonal or part-time basis and his  
15 gross post-retirement earnings from such reemployment during the  
16 calendar year are less than five thousand dollars (\$5,000) or  
17 such other maximum as the board may establish, he shall not be  
18 deemed reemployed, but if and when his gross post-retirement  
19 earnings exceed five thousand dollars (\$5,000) or such other  
20 maximum as the board may establish in any calendar year he shall  
21 not be entitled to receive his retirement allowance for that  
22 month or any subsequent month in the calendar year in which he  
23 continues in service] following commencement of his retirement  
24 allowance, he shall not be entitled to receive his retirement  
25 allowance for that month or any subsequent month in which he  
26 continues in service.

27 (3) Notwithstanding the provisions of paragraph (2), if such  
28 person is otherwise eligible to receive an in-service  
29 distribution of his retirement benefit by, (i) attainment of  
30 normal retirement age as defined in the Internal Revenue Code,

1 (ii) operation of Internal Revenue Code § 401(a)(36) or (iii)  
2 operation of any other provision as may be adopted by the board  
3 and consistent with the tax-qualification provisions of the  
4 Internal Revenue Code, his retirement allowance shall continue  
5 to be paid through such period of reemployment. The municipality  
6 [is required to] shall notify the board immediately of the  
7 reemployment status of any retired former [employee and file  
8 separate monthly reports of his gross earnings as prescribed by  
9 the board] employee.

10 (d) Should a [contributor] member die while in service, any  
11 death or survivor benefits for which he may be eligible under  
12 the provisions of the contract shall be paid in accordance with  
13 the terms of the contract.

14 (e) Should a [contributor] member die while in service, and  
15 before becoming eligible for any other benefits contained in the  
16 contract, the full amount of his contributions, either with or  
17 without interest and excess interest earned as stipulated in the  
18 contract, shall be paid to his estate, or to such person, if  
19 living, as he shall have designated in writing, filed with the  
20 board as his beneficiary. In case any [contributor] member has  
21 failed to designate a beneficiary, or if the named beneficiary  
22 has predeceased the member and no such successor beneficiary has  
23 been named, and upon the death in service shall have less than  
24 one hundred dollars (\$100) in accumulated deductions standing to  
25 his credit, the board may, if letters testamentary or of  
26 administration have not been taken out on his estate within six  
27 months after death, pay [such] the accumulated deductions on the  
28 claim of the undertaker, or to any person or municipality which  
29 [shall have] has paid the claim of the undertaker.

30 Section 45. Section 407 of the act is amended to read:

Section 407. Superannuation Retirement.--Retirement for superannuation shall be as follows:

(1) Any [contributor] member who has reached superannuation retirement age may retire for superannuation by filing with the board a written statement, duly attested, setting forth on what date he desires to be retired. [Said] The application shall make the superannuation retirement allowance effective on the date so specified, if [such] the application was filed in the office of the board or deposited in the United States mail, addressed to the board, before the date specified in the application and before the death of the [contributor] member, but the date so specified in the application shall not be more than ninety days after the date of filing, or the date the application was deposited in the mail.

(2) On retirement for superannuation, a [contributor] member shall be entitled to a retirement allowance throughout his life, which shall consist of an amount computed in accordance with the formula specified in the contract.

Section 46. Section 408 of the act, amended May 17, 1980 (P.L.135, No.50), is amended to read:

Section 408. Early Retirement.--Should a member be discontinued from service not voluntarily, after having completed a required number of years of total service, or voluntarily after having completed a required number of years of total service, but in either event before reaching superannuation retirement age, he shall be paid, as he may elect, as follows:

(1) [The] the full amount of the accumulated deductions standing to his credit in the member's account of the fund, plus the balance in the member's excess investment account; or

(2) [The] the early retirement allowance, if any, specified in the contract.

Section 47. Section 409 of the act, amended June 10, 1982 (P.L.446, No.131), is amended to read:

Section 409. Options on Superannuation or Early Retirement.--At the time of his superannuation or early retirement, a [contributor] member may elect to receive his benefits in a retirement allowance payable throughout his life, which shall be known as a single life annuity. In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary, or instead, he may elect to receive the actuarial equivalent at that time of his retirement allowance in a lesser allowance, payable throughout life with provisions that:

(1) Option 1. If he shall die before receiving in payments the present value of his retirement allowance as it was at the time of his retirement, the balance, if less than five thousand dollars (\$5,000), shall be paid in a lump sum to his legal representative, or to or in trust for his beneficiary. If the balance is five thousand dollars (\$5,000) or more, the beneficiary may elect by application duly acknowledged and filed with the board to receive payment of [such] the balance according to any one of the following provisions: (i) a lump sum payment, (ii) an annuity having a present value equal to the balance payable, (iii) a lump sum payment and an annuity. [Such] The annuity shall be of equivalent actuarial value to the balance payable less the amount of the lump sum payment

1 specified by the beneficiary.

2 (2) Option 2. Upon his death, his retirement allowance  
3 shall be continued throughout the life of and paid to his  
4 survivor annuitant, if then living.

5 (3) Option 3. Upon his death, one-half of his retirement  
6 allowance shall be continued throughout the life of and paid to  
7 his survivor annuitant, if then living.

8 (4) Option 4. Any other optional form of payment contained  
9 in the contract.

10 Section 48. Section 410 of the act, amended January 4, 1978  
11 (P.L.1, No.1), is amended to read:

12 Section 410. Vesting.--(a) Provisions for vesting may be  
13 included in the contract between the municipality and the board.  
14 When such provision is made it shall mean that a [contributor]  
15 member who terminates his employment with the municipality after  
16 a stipulated age or length of service, or both, may, if he so  
17 elects in writing, leave his contributions, plus interest, as  
18 credited to his account, in the fund, and, upon reaching  
19 superannuation retirement age, receive a superannuation  
20 retirement allowance and accumulated deductions would include  
21 interest from date of termination until the earlier of the date  
22 of commencement of the annuity or the date of payment of member  
23 contributions.

24 (b) Upon the termination of the retirement plan, all  
25 members, regardless of credited service, shall be deemed fully  
26 vested in their accrued benefit to the extent the benefits  
27 provided under the plan are funded as of the date of  
28 termination.

29 Section 49. Sections 411, 412 and 413 of the act, amended  
30 May 17, 1980 (P.L.135, No.50), are amended to read:

1       Section 411. Disability Retirement.--(a) After a member has  
2 had the required number of years of total service as stated in  
3 the contract, he may, upon application or on the application of  
4 one acting in his behalf, or upon application of a head of the  
5 department of the municipality by which he is employed, be  
6 retired by the board on a disability allowance [if he is under  
7 superannuation retirement age, and on a superannuation  
8 retirement allowance if he has attained or passed such age,] if  
9 the physician designated by the board, after medical examination  
10 of the member made at the place of residence of the member or at  
11 a place mutually agreed upon, shall certify to the board that  
12 the member is unable to engage in any gainful employment and  
13 that [said] the member ought to be retired. Where the disability  
14 of a member is determined to be service-connected, as defined in  
15 this act, no minimum period of service shall be required for  
16 eligibility. Requirements for filing applications shall be  
17 identical to those outlined in clause (1) of section 407.

18       (b) On retirement for disability a member shall receive a  
19 retirement allowance which shall consist of an amount computed  
20 in accordance with the formula specified in the contract.

21       (c) Once every year the board may require any disability  
22 annuitant, while still under superannuation retirement age, to  
23 undergo medical examination by a physician designated by the  
24 board. [Such] The examination shall be made at the place of  
25 residence of the beneficiary or other place mutually agreed  
26 upon. Should the physician report and certify to the board that  
27 [such] the disability beneficiary is no longer physically or  
28 mentally incapacitated for the performance of duty and is able  
29 to engage in a gainful occupation, then his disability  
30 retirement allowance shall be discontinued, and in lieu thereof

1 an early involuntary retirement allowance shall at that time be  
2 granted as if [such] the person had been retired not  
3 voluntarily, if such a provision is included in the contract and  
4 if [such] the person [shall have had] has the required number of  
5 years of total service as stated in the contract.

6 (d) Should a disability annuitant, while under  
7 superannuation retirement age, refuse to submit to at least one  
8 medical examination in any year by a physician designated by the  
9 board, his disability retirement allowance shall be discontinued  
10 until the withdrawal of [such] the refusal, and should [such]  
11 the refusal continue for one year, then all his right in and to  
12 any disability retirement allowance or for early involuntary  
13 retirement allowance provided for by this act, shall be  
14 forfeited.

15 (e) Any [contributor] member entitled to retire for  
16 disability may, in lieu of such retirement, if he has a required  
17 number of years of total service, elect to retire not  
18 voluntarily under the provisions of this act if such provisions  
19 are included in the contract.

20 (f) Should a disability annuitant die before the total  
21 disability retirement allowance received shall be at least equal  
22 to the amount of the credit in his member's account plus the  
23 balance in the member's excess investment account at the time of  
24 disability retirement, then the board shall pay to the named  
25 beneficiary, if living, or if the beneficiary predeceased the  
26 annuitant, or no beneficiary was named, then to the annuitant's  
27 estate, an amount equal to the difference between [such] the  
28 total retirement allowance received and the annuitant's  
29 accumulated deductions plus excess interest, and if [such] the  
30 difference is less than one hundred dollars (\$100) and no



1 letters have been taken out on the estate within six months  
2 after death, then [such] the difference may be paid to the  
3 undertaker or to any person or municipality who or which [shall  
4 have] has paid the claim of the undertaker. If the contract  
5 between the municipality and the board provides that upon the  
6 death of a disability annuitant payments in a specific amount  
7 shall be continued to certain beneficiaries, then the provisions  
8 of [subsection (f)] this subsection shall not apply and payments  
9 shall be made in accordance with the terms of the contract.

10 Section 412. Withdrawal Provisions.--(a) A municipality  
11 which has joined the retirement system created or continued  
12 under this [Article IV] article may, for good and stated cause,  
13 file an application with the board for permission to withdraw  
14 from the system if it meets all of the following requirements:

15 (1) The municipality has been enrolled in the system for a  
16 period of at least five years.

17 (2) The municipality has met all of its financial  
18 obligations to the system.

19 (3) The legislative body of the municipality has passed an  
20 ordinance or resolution signifying its intention to withdraw  
21 from the system.

22 (4) The municipality has certified to the board that an  
23 affirmative vote approving withdrawal from the system had been  
24 obtained from at least seventy-five per cent of all of the  
25 municipal [employees] employees affected by the ordinance or  
26 resolution.

27 (b) The board shall within ninety days of its receipt, take  
28 action on an application filed by a municipality for permission  
29 to withdraw from the system. If the application is approved the  
30 withdrawing municipality shall be entitled to receive a net

1 refund of the amounts then standing to the credit of the  
2 municipality in the member's account, the member's excess  
3 investment account, the municipal account and the retired  
4 member's reserve accounts of the system. In no event shall the  
5 total amount of the net refund to the municipality exceed the  
6 pro rata interest of the withdrawing municipality in the net  
7 assets of the entire fund based on the market value of the  
8 investments of the fund as of the date of receipt of the  
9 application for permission to withdraw. The liability for the  
10 continuation of retirement or disability allowances being paid  
11 from the fund shall attach against the withdrawing municipality  
12 and be paid from funds transferred to a retirement system  
13 established subsequent to its withdrawal from the system or from  
14 moneys appropriated annually from tax revenues sufficient to pay  
15 the same. If the board disapproves the application of the  
16 municipality for permission to withdraw from the system the  
17 board shall promptly notify the municipality of its decision and  
18 advise the municipality of the board's reason or reasons for  
19 disapproval. The board shall establish rules and regulations, in  
20 accordance with the provisions of clause (10) of section 104 of  
21 this act, governing the details of the procedures to be followed  
22 in the withdrawal of municipalities from the system.

23 Section 413. Procedures for Amending Contracts.--Any  
24 municipality which has joined the system under the provisions of  
25 this [Article IV] article may, with the approval of the board,  
26 amend the contract with the board to increase any of the  
27 benefits enumerated in [Article IV] this article to its members.  
28 The board shall not enter into any amended contract with any  
29 municipality which decreases benefits, nor shall it enter into  
30 any amended contract with a municipality which provides for

1 benefits in excess of or minimum member's contribution rates  
2 less than those available to it under any other existing law  
3 pertaining to the establishment of retirement systems for that  
4 class of municipality except to the extent that excess  
5 investment earnings are allocated to provide for additional  
6 pension benefits or members accruals as otherwise provided in  
7 this law. Before the board approves any such amended contract it  
8 shall first determine, through its actuary, that the plan  
9 outlined is actuarially sound. Any member municipality which  
10 elects to enter into an amended contract for increased benefits  
11 which would result in an increase in its [employees] employees'  
12 contribution rates shall first obtain the written consent of at  
13 least seventy-five per cent of its then member [employees]  
14 employees. Additional costs for increases in benefits shall  
15 become the responsibility of the municipality and/or the member  
16 as specified in the contract.

17 Section 50. The act is amended by adding articles to read:

18 ARTICLE IV-A

19 MUNICIPAL PENSION RECOVERY PROGRAM

20 Section 401-A. Purpose.--This article provides for the  
21 mandatory enrollment of pension plans maintained by those  
22 municipalities which have pension plans that have been  
23 determined to be severely distressed pursuant to the Municipal  
24 Pension Plan Funding Standard and Recovery Act, into the  
25 Municipal Pension Recovery Program established by this article.

26 Section 402-A. Mandatory Plan Enrollment.--(a) Every  
27 municipality that is determined to be severely distressed  
28 pursuant to the Municipal Pension Plan Funding Standard and  
29 Recovery Act shall join the system under the provisions of this  
30 article. If a municipality is required to join the system under

1 this article, it shall enter into a contract with the board for  
2 each separately established retirement plan then being  
3 maintained by the municipality stating the provisions of each  
4 retirement plan and transferring the responsibility to  
5 administer each retirement plan to the board. Employees  
6 participating in a multiemployer retirement, joint trusted,  
7 Taft-Hartley collectively bargained pension plan shall not be  
8 subject to the provisions of this article.

9 (b) All members of a retirement plan enrolled into the  
10 Municipal Pension Recovery Program under the provisions of this  
11 article shall become members of the system and shall earn and  
12 receive their retirement benefits in accordance with the  
13 contract entered into under the provisions of this article.

14 (c) No employee of a municipality that has entered into a  
15 contract under the provisions of this article who is hired on or  
16 after the date of certification as a severely distressed  
17 retirement plan or who returns to service on or after that date  
18 shall be enrolled under the provisions of this article but shall  
19 be subject to the provisions of Article IV-B.

20 (d) No liability, on account of retirement allowances or  
21 pensions being paid from any retirement or pension fund of the  
22 municipality, shall attach against the fund, except as provided  
23 in the contract, making a transfer of an existing system in  
24 accordance with this section. The liability to continue payment  
25 of pensions not so transferred shall attach against the  
26 municipality, which shall annually make appropriations from its  
27 tax revenues sufficient to pay the same.

28 Section 403-A. Municipal Pension Recovery Program  
29 Contract.--(a) The Municipal Pension Recovery Program contract,  
30 as required by section 402-A, shall comport with the existing

plan documents as may be evidenced by the statutory provisions,  
municipal charters, ordinances or resolutions, collective  
bargaining agreements, arbitration awards and other written  
documentation in full force and effect as of the date of  
certification as a severely distressed retirement plan. All the  
existing plan documents shall be provided to the board within 30  
days of the date of the certification. The system shall then  
prepare and provide to the municipality a Municipal Pension  
Recovery Program contract that shall contain all retirement  
benefits and obligations to be administered by the system for  
each pension plan established by the municipality.

(b) Should a municipality fail to provide plan documents  
within the 30-day period, the system shall prepare a Municipal  
Pension Recovery Program contract in accordance with the  
benefits stated in the most recently filed valuation report  
under the Municipal Pension Funding Standards and Recovery Act.

(c) The administration of the Municipal Pension Recovery  
Program contract shall be subject to Federal and State laws  
relating to tax qualified pension programs. In the event that  
any provision of the existing plan documents is not in  
compliance with Federal and State laws relating to tax qualified  
pension programs, the board may elect to pursue any remedial  
measures it deems appropriate, the cost of which shall be  
absorbed by the municipality. Until such time as the remedial  
measures can be implemented or if such plan provision cannot be  
remediated, such provision shall not be administered by the  
board and shall remain the obligation of the municipality.

(d) Within 30 days from the date the Municipal Pension  
Recovery Program contract was mailed to the municipality, the  
municipality shall execute the Municipal Pension Recovery

Program contract or file an appeal and request for an administrative hearing before the board. Notwithstanding any other provision of law, the exclusive remedy of any municipality under this article aggrieved by a decision of the board in finalizing the terms of the Municipal Pension Recovery Program contract shall be the right to an adjudication by the board in accordance with 2 Pa.C.S. Ch. 5 (relating to practice and procedure) with appeal therefrom to the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals from government agencies). If an appeal is not filed within the prescribed time, the Municipal Pension Recovery Program contract shall be deemed a final and binding contract between the board and the municipality for the administration of the benefit structure provided in the contract.

(e) From and after the date of certification as a severely distressed retirement plan under the Municipal Pension Plan Funding Standard and Recovery Act and notwithstanding any other provision of law, pension benefits shall not be subject to collective bargaining or arbitration between municipalities subject to this article and their employees. No statute, ordinance, contract, arbitration award or practice shall permit or authorize any deviation from or alteration of the terms of the Municipal Pension Recovery Program contract by which the benefit plan is administered and no amendment thereof shall be permitted. A municipality may not establish, create or contribute to a retirement plan for employees enrolled in the Municipal Pension Recovery Program other than the plan created in accordance with this article.

Section 404-A. Required Terms and Conditions.--The Municipal

Pension Recovery Program contract entered into between a municipality and the board shall specifically state the following terms and conditions:

(1) The superannuation retirement age at which a member becomes eligible for a full normal retirement allowance in accordance with the formula specified in the contract.

(2) Length of service requirements, if any, which must be met before a member becomes eligible for either a superannuation retirement allowance or an early retirement allowance and the method of determining any reduction factors involved in the computation of the amount of the allowance because of retirement prior to attaining superannuation age.

(3) Provisions for the refunding of accumulated deductions plus interest to an employee who leaves the service of the municipality before the employee becomes eligible for any type of retirement benefit and whether or not the employee shall be entitled to interest earned on contributions.

(4) Provisions relating to the types and amounts of disability retirement benefits for which a member may become eligible and the qualifications therefor.

(5) The availability of any vesting or deferred benefits to which a member may become entitled.

(6) A description of the amount and the manner in which a member may qualify for any death benefits, both before and after retirement, including any prescribed payments to spouses or children.

(7) The formula used to determine the amount of normal retirement benefits, including an explanation of the salary or compensation to be used in the computations, and a statement concerning any Social Security offset provisions included in the

1 contract.

2 (8) A description of any optional methods of payment of  
3 retirement allowances available to a member.

4 (9) Any provisions for cost-of-living increases and  
5 limitations thereon, which may be included.

6 (10) The manner in which the rate or rates of employee  
7 contributions shall be determined, together with any provisions  
8 for additional voluntary contributions.

9 (11) The manner in which credit for any allowable military  
10 service shall be determined and the manner in which costs of  
11 service shall be paid.

12 (12) Any other information which might have a bearing on the  
13 costs or benefits of the retirement plan which might be required  
14 by the board in the administration of the plan.

15 Section 405-A. Determination of Municipal Liability.--(a)

16 (1) The board shall value the liability of each municipal plan  
17 enrolling under this article and that liability shall attach to  
18 the municipality upon the effective date of the Municipal  
19 Pension Recovery Program contract. The obligations shall be  
20 calculated in accordance with the funding requirements found in  
21 the Municipal Pension Funding Standard and Recovery Act.

22 (2) The transfer of all plan assets to the Pennsylvania  
23 Municipal Retirement Fund shall be made effective as of the  
24 effective date of the Municipal Pension Recovery Program  
25 contract. The value of said assets shall be determined at market  
26 value but shall be adjusted by multiplying the market value of  
27 the plan's assets by the ratio of the system's actuarial value  
28 of assets as of January 1 of the year the plan enrolls in the  
29 system divided by the system's market value of assets as of  
30 January 1 of the year the plan enrolls in the system.



1     (3) As of the effective date of the Municipal Pension  
2 Recovery Program contract, the board shall pay a plan's existing  
3 retirement allowance obligations. All the benefits shall be paid  
4 on a month-to-month basis from the retired members reserve  
5 account, but the cost of the benefit payments shall not attach  
6 to the retired member's reserve account.

7     (4) The plan's benefit liability shall be deducted from the  
8 plan's assets held in the municipal account maintained by the  
9 system on behalf of the plan and transferred to the retired  
10 members reserve account.

11     (5) Upon the retirement or the establishment of a benefit  
12 payment to a plan member, that plan member's member account and  
13 all accumulated contributions held in the member account shall  
14 be transferred to that plan's municipal account, and the benefit  
15 shall be a liability attaching to the municipal account.

16     (b) The cost of making the valuations required by this  
17 section and in the transfer of any existing pension system of  
18 any municipality shall be part of the costs of administration of  
19 this act.

20     Section 406-A. Contributions by Members.--Each member of the  
21 system shall contribute to the fund such percent of his actual  
22 salary or compensation, including fees where paid in part on a  
23 fee basis, as required in the contract. The contributions shall  
24 be paid into the fund by the municipality through payroll  
25 deductions in such manner and at such time as the board may, by  
26 rule and regulation, determine. The contributions shall be held  
27 in a member account established and maintained on behalf of each  
28 contributing member.

29     Section 407-A. Nonportability.--There shall be no  
30 portability of service credits or contributions provided for in

any Municipal Pension Recovery Program contract established in accordance with the provision of this article.

Section 408-A. Plan Termination and Residual Assets.--(a) The board shall operate and administer each Municipal Pension Recovery Program contract established under this article until such time as all present and future obligations thereof have been fully satisfied, and no retired member or beneficiary remains to claim benefits under the contract, at which time the board shall terminate the plan and the Municipal Pension Recovery Program contract established for the plan shall expire.

(b) Any residual assets remaining to the credit of a terminated pension plan held by the system in the municipal account shall be used to satisfy future pension obligations of that municipal employer to the Municipal Pension Recovery Program established pursuant to Article IV-B, or, if the municipality has no employees participating in that retirement program, the residual funds shall be paid into the Cooperative Municipal Pension and Security Program established under the provisions of Article IV-B without restriction.

(c) Upon the termination of the retirement plan, all members, regardless of credited service, shall be deemed fully vested in their accrued benefit to the extent the benefits provided under the plan are funded as of the date of termination.

#### ARTICLE IV-B

##### COOPERATIVE MUNICIPAL PENSION AND SECURITY PROGRAM

Section 401-B. Purpose.--This article provides for the establishment and operation of the Cooperative Municipal Pension and Security Program and the mandatory enrollment of certain municipal employees, municipal police officers and municipal

1 fire fighters into the retirement plans established under the  
2 provisions of this program.

3 Section 402-B. Cooperative Municipal Pension and Security

4 Program.--(a) The Cooperative Municipal Pension and Security

5 Program is established for the purpose of providing retirement

6 benefits to the employees of municipalities that are determined

7 to be severely distressed as defined by the Municipal Pension

8 Plan Funding Standard and Recovery Act. This article shall be

9 applicable to all full-time employees hired by a municipality

10 after the determination that the municipality is severely

11 distressed. A municipality determined to be subject to the

12 provisions of this article shall not, after such finding,

13 establish or participate in a retirement or pension fund, plan

14 or system for its full-time employees except as provided by this

15 article. For purposes of this article "full-time employee" means

16 an individual employed by a municipality who is scheduled to

17 work an average of at least 35 hours per week during a period of

18 at least six consecutive months. The term does not include an

19 independent contractor or any individual compensated on a fee or

20 commission basis.

21 (b) The Cooperative Municipal Pension and Security Program

22 shall be composed of the following retirement plans which shall

23 be maintained as tax-qualified pension plans established for the

24 exclusive benefit of the members and their beneficiaries:

25 (1) Municipal employees retirement plan A.

26 (2) Municipal employees retirement plan B.

27 (3) Public safety officers retirement plan A.

28 (4) Public safety officers retirement plan B.

29 (c) The Cooperative Municipal Pension and Security Program

30 shall be administered by the board in accordance with the

1 provisions of this article.

2 Section 403-B. Membership in a Retirement Plan.--(a) Each  
3 municipality subject to the provisions of this article shall  
4 enroll their municipal employees, municipal police officers and  
5 municipal fire fighters in the Cooperative Municipal Pension and  
6 Security Program by making application on behalf of the  
7 employees to the board. Each application for participation  
8 submitted by an employer under this section shall be enrolled in  
9 the retirement plan applicable to their employment as follows:

10 (1) Municipal employees employed by a city shall be enrolled  
11 in the municipal employees retirement plan A.

12 (2) Municipal employees employed by a municipality other  
13 than a city shall be enrolled in the municipal employees  
14 retirement plan B.

15 (3) Municipal police officers and municipal fire fighters  
16 employed by a city shall be enrolled in the public safety  
17 officers retirement plan A.

18 (4) Municipal police officers and municipal fire fighters  
19 employed by a municipality other than a city shall be enrolled  
20 in the public safety officers retirement plan B.

21 (b) Municipalities shall comply with the procedures  
22 specified by the board regarding the content and submission of  
23 applications for participation in the Cooperative Municipal  
24 Pension and Security Program.

25 Section 404-B. Service Allowance; Change of Employment; and  
26 Military Service.--(a) In computing the length of service of a  
27 member for retirement purposes, full credit shall be given to  
28 each member for each full or partial year of service rendered to  
29 the municipality as a full-time employee. Except as otherwise  
30 required by applicable law, in no event shall a member receive

service credit for any period during which the member is on leave of absence without pay.

(b) An active member who has been employed by a municipality that is covered by the provisions of the Cooperative Municipal Pension and Security Program and thereafter enters the uniformed services as defined by 38 U.S.C. § 4303 (relating to definitions) and returns to the municipality to again be a member of the plan within the authorized time period of the law, shall have the authorized time spent in such service credited to the member's employment record for pension or retirement benefits, if the individual makes the required employee contributions.

(c) An active member may also purchase credit for nonintervening military service for a period not to exceed five years. An active member may file an application with the board to purchase credit for periods of nonintervening military service upon completion of five years of subsequent service to the municipality. The amount due from the member shall be computed by applying the member's basic contribution rate plus the applicable normal cost rate which was in effect on the date of the member's entry into Cooperative Municipal Pension and Security Program times the member's average annual rate of compensation over the first five years of his subsequent employment and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased, plus statutory interest from the date of enrollment in the plan to date of purchase.

(d) The amount due from the member for the purchase of military service credit shall be certified by the board in accordance with methods approved by the actuary and may be paid

1 in a lump sum within 30 days or may be amortized with additional  
2 interest through deductions in amounts agreed upon by the member  
3 and the board. The rate of interest to be charged to members on  
4 their purchase of credit for nonintervening military service  
5 shall be the statutory interest rate.

6 (e) A member may purchase credit for intervening or  
7 nonintervening military service only if his discharge or  
8 separation from the service was granted under other than  
9 dishonorable conditions. A member may not purchase credit for  
10 any military service for which he is entitled to receive,  
11 eligible to receive now or in the future or is receiving  
12 retirement benefits for the service under a retirement system  
13 administered and wholly or partially paid for by any other  
14 governmental agency or private employer. Applications to  
15 purchase credit for military service must be accompanied by  
16 proof of the nature of discharge or separation from the military  
17 service.

18 Section 405-B. Determination of Municipal Liability.--The  
19 board shall determine the amount which shall be contributed in  
20 accordance with the Municipal Pension Funding Standard and  
21 Recovery Act, by each municipality for service credits of  
22 members subsequent to the time the municipality joined the  
23 system in order that all service liability may be fully funded  
24 on an actuarial basis. The amounts so determined by the board  
25 shall be expressed as a percentage of the payroll of the  
26 municipality covering its members. Each contribution shall be  
27 deposited to the employers account of the applicable retirement  
28 plan.

29 Section 406-B. Contributions by Members; Consolidation of  
30 Credits; and Change of Employment.--(a) All plans in the

Cooperative Municipal Pension and Security Program shall be treated as having adopted the provisions of IRC § 414(h) relating to pickup contributions. Each municipality shall cause the required pickup contributions to be made and shall cause to be deducted any other required member contributions from each payroll. The pickup rate required to be contributed to the retirement plan shall be as follows:

(1) Members of municipal employees retirement plan A shall contribute 6.00% of their compensation.

(2) Members of municipal employees retirement plan B shall contribute 4.50% of their compensation.

(3) Members of public safety officers retirement plan A shall contribute 6.75% of their compensation.

(4) Members of public safety officers retirement plan B shall contribute 6.00% of their compensation.

(b) The municipality shall notify the board at times and in a manner prescribed by the board of the compensation of any noneligible member to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and shall cause the member's contributions deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when the limit is reached. The municipality shall certify to the board the amounts picked up and deducted and shall send the total amount picked up and deducted in such manner and at such time as the board may by rule and regulation determine. The employer shall pay pickup contributions from the same source of funds which is used to pay other compensation to the employee.

Section 407-B. Withdrawal; Return to Service; and Death in Service.--(a) Should a member before reaching superannuation retirement eligibility for any reason cease to be employed, he

1 shall be paid by the board the full amount of the accumulated  
2 deductions standing to his credit in the member's account,  
3 unless he is entitled to vesting rights or a disability  
4 retirement allowance and elects to exercise the vesting rights  
5 or disability allowance. Should the former member thereafter  
6 return to the service of any municipality subject to the  
7 provisions of this article and restore to the fund, in such  
8 manner as may be agreed upon by the person and the board, his  
9 withdrawn accumulated deductions as they were at the time of his  
10 separation from service, his annuity rights as they existed at  
11 the time of separation from service shall be restored and his  
12 obligations as a member shall begin again.

13 (b) Should a member, having attained or passed  
14 superannuation eligibility, elect, upon leaving the service of  
15 the municipality, not to claim the retirement allowance to which  
16 he is entitled, he shall, upon written application, be paid by  
17 the board the full amount of the accumulated deductions standing  
18 to his credit in the member's account.

19 (c) Should a person who has been retired on a retirement  
20 allowance under this act return to employment on a regular full-  
21 time basis with a municipality required to enroll its employees  
22 into the Cooperative Municipal Pension and Security Program, his  
23 retirement allowance shall cease, and in the case of an annuity,  
24 other than a disability annuity, the present value of the  
25 annuity shall be frozen as of the date the annuity ceases. Upon  
26 subsequent discontinuance of service, the member, other than a  
27 former disability annuitant, shall be entitled to an annuity  
28 which is of equivalent actuarially value equivalent as the  
29 present value of the annuity earned by further service and  
30 further deductions added upon reemployment.



1     Section 408-B. Superannuation Age and Service

2     Requirements.--Eligibility for superannuation retirement shall  
3     be as follows:

4     (1) For members of the municipal employees retirement plan A  
5     and municipal employees retirement plan B the attainment of at  
6     least 30 years of credited service and the attainment of 65  
7     years of age.

8     (2) For members of the public safety officers retirement  
9     plan A the attainment of at least 20 years of credited service  
10    and the attainment of 50 years of age.

11    (3) For members of the public safety officers retirement  
12    plan B the attainment of at least 25 years of credited service  
13    and the attainment of 55 years of age.

14    Section 409-B. Superannuation Retirement Benefit.--  
15    Retirement for superannuation shall be as follows:

16    (1) Any member who has attained eligibility for a  
17    superannuation retirement may retire by filing with the board a  
18    written statement, duly attested, setting forth on what date he  
19    desires to be retired. The application shall make the  
20    superannuation retirement allowance effective on the date so  
21    specified, if the application was filed in the office of the  
22    board or deposited in the United States mail, addressed to the  
23    board, before the date specified in the application and before  
24    the death of the member, but the date stated in the application  
25    shall not be more than 90 days after the date of filing or the  
26    date the application was deposited in the mail.

27    (2) A member eligible for superannuation retirement shall be  
28    entitled to an annual retirement allowance throughout his life,  
29    which shall be calculated as follows:

30    (i) For members of the municipal employees retirement plan A

1 the annual annuity shall equal the member's years of credited  
2 service times the member's final salary times 2.00%.

3 (ii) For members of the municipal employees retirement plan  
4 B the annual annuity shall equal the member's years of credited  
5 service times the member's final salary times 1.50%.

6 (iii) For members of the public safety officers retirement  
7 plan A the annual annuity shall equal the member's years of  
8 credited service times the member's final salary times 2.25%.

9 (iv) For members of the public safety officers retirement  
10 plan B the annual annuity shall equal the member's years of  
11 credited service times the member's final salary times 2.00%.

12 (3) The board shall make the first payment to a member who  
13 is eligible for an annuity within 60 days of the filing of an  
14 application for an annuity or, in the case of a vested member  
15 who has deferred the filing of an application to a date later  
16 than 90 days following attainment of eligibility for  
17 superannuation, within 60 days of the effective date of  
18 retirement, and receipt of the required data from the employer.  
19 Concurrently the board shall certify to such member:

20 (i) The total accumulated deductions standing to the  
21 member's credit showing separately the amount contributed by the  
22 member, the pickup contributions and the interest credited to  
23 the date of termination of service.

24 (ii) The number of years and fractional parts of a year  
25 credited in each class of service.

26 (iii) The final average salary on which the annuity is based  
27 as well as any applicable reduction factors due to election of a  
28 retirement option.

29 (iv) The total annual annuity payable under the option  
30 elected.

1     (4) Any annuity granted under the provisions of this section  
2 or section 410-B shall be paid in equal monthly installments.

3     (5) Notwithstanding any other provision of this section, in  
4 no event shall a member elect, nor shall the board permit, a  
5 form of benefit that is payable over a period that fails to  
6 satisfy the required distribution provisions of the Internal  
7 Revenue Code § 401(a)(9).

8     Section 410-B. Options on Retirement.--(a) At the time of  
9 his retirement, a member may elect to receive his benefits in a  
10 retirement allowance payable throughout his life, which shall be  
11 known as a single life annuity. In the event of the death of an  
12 annuitant who has elected to receive the single life annuity  
13 before he has received in annuity payments the full amount of  
14 the total accumulated deductions standing to his credit on the  
15 effective date of retirement, the balance shall be paid to his  
16 designated beneficiary. Instead of receiving a single life  
17 annuity the member may elect to receive the equivalent actuarial  
18 value at the time of his retirement in a lesser allowance,  
19 payable throughout life with provisions that:

20     (1) Option 1. If he shall die before receiving in payments  
21 the present value of his retirement allowance as it was at the  
22 time of his retirement, the balance, if less than \$5,000, shall  
23 be paid in a lump sum to his legal representative or to or in  
24 trust for his beneficiary. If the balance is \$5,000 or more, the  
25 beneficiary may elect by application duly acknowledged and filed  
26 with the board to receive payment of such balance according to  
27 any one of the following provisions:

28     (i) a lump sum payment;

29     (ii) an annuity having a present value equal to the balance  
30 payable; or

1     (iii) a lump sum payment and an annuity. The annuity shall  
2 be of equivalent actuarial value to the balance payable less the  
3 amount of the lump sum payment specified by the beneficiary.

4     (2) Option 2. Upon his death, his retirement allowance  
5 shall be continued throughout the life of and paid to his  
6 survivor annuitant, if then living. In the event of both the  
7 deaths of an annuitant and the survivor annuitant before they  
8 combined have received in annuity payments the full amount of  
9 the total accumulated deductions standing to the member's credit  
10 on the effective date of the member's retirement, the balance  
11 shall be paid to the designated beneficiary.

12     (3) Option 3. Upon his death, one-half of his retirement  
13 allowance shall be continued throughout the life of and paid to  
14 his survivor annuitant, if then living. In the event of both the  
15 deaths of an annuitant and the survivor annuitant before they  
16 combined have received in annuity payments the full amount of  
17 the total accumulated deductions standing to the member's credit  
18 on the effective date of the member's retirement, the balance  
19 shall be paid to the designated beneficiary.

20     Section 411-B. Death Benefits.--(a) A member who is  
21 eligible to receive a superannuation retirement allowance may  
22 file with the board a written application for retirement, in the  
23 form required for the application, but requesting that the  
24 retirement shall become effective as of the time of his death,  
25 electing one of the options provided in section 410-B and  
26 nominating a beneficiary or survivor annuitant under the  
27 applicable option. In all such cases, the application shall be  
28 held by the board until the member shall file a later  
29 application in the usual manner for a superannuation retirement  
30 allowance or until the death of the member occurring while in

1 municipal service, at which time his retirement shall become  
2 effective with the same benefits to the person designated as if  
3 the member had retired on the day immediately preceding his  
4 death.

5 (b) A member who is eligible to receive a superannuation  
6 retirement allowance at the time of death and who has not filed  
7 with the board a written application for a superannuation  
8 retirement allowance as provided in subsection (a) shall be  
9 considered as having elected Option 1 as provided in section  
10 410-B as of the date of his death. In such event, payment under  
11 Option 1 shall be made to the beneficiary designated in the  
12 nomination of beneficiary form on file with the board, or if the  
13 beneficiary has predeceased the member, to the legal  
14 representative of the member.

15 (c) A member who dies as a result of injury or illness  
16 incurred in the performance of official duties shall be deemed  
17 to have met all requirements for superannuation retirement and  
18 considered to have elected Option 1.

19 (d) Should a member die prior to becoming eligible for a  
20 superannuation retirement allowance, his accumulated deductions  
21 shall be paid to his estate, or to such person, if living, as he  
22 shall have designated in writing, filed with the board as his  
23 beneficiary. In case any member has failed to designate a  
24 beneficiary, or if the named beneficiary has predeceased the  
25 member and no such successor beneficiary has been named, and  
26 upon the death in service shall have less than \$100 in  
27 accumulated deductions standing to his credit, the board may, if  
28 letters testamentary or of administration have not been taken  
29 out on his estate within six months after death, pay the  
30 accumulated deductions on the claim of the undertaker, or to any

1 person or municipality which shall have paid the claim of the  
2 undertaker.

3 Section 412-B. Disability Retirement.--(a) An active  
4 municipal employee who has accumulated five or more years of  
5 total credited service, or an active municipal police officer or  
6 municipal fire fighter regardless of their credited years of  
7 service, may, upon application or on the application of one  
8 acting in his behalf, or upon application of the municipality by  
9 which he is employed, be retired by the board on a disability  
10 allowance if the physician designated by the board, after  
11 medical examination of the member shall certify to the board  
12 that the member is mentally or physically incapable of  
13 continuing to perform the duties for which the member is  
14 employed and that the member ought to be retired.

15 (b) A member electing to retire under the disability  
16 provisions of this article shall receive a disability annuity  
17 payable from the effective date of disability as determined by  
18 the board and continued until a subsequent determination by the  
19 board that the annuitant is no longer entitled to a disability  
20 annuity. The disability annuity shall be equal to a standard  
21 single life annuity multiplied by the benefit accrual rate  
22 applicable to the member's retirement plan, if the product of  
23 such benefit accrual rate and the total number of years of  
24 credited service is greater than 16.667, otherwise the standard  
25 single life annuity shall be multiplied by the lesser of the  
26 following ratios:

27  $MY^*/Y$  or  $16.667/Y$

28 where M equals the accrual rate applicable to the member on the  
29 effective date of the disability, Y equals the number of years  
30 and partial years of credited service earned by the member as of

1 the effective date of the disability, and Y\* equals the total  
2 years and partial years of credited service the member would  
3 have earned if he were to continue as an employee until  
4 attaining eligibility for a superannuation retirement allowance,  
5 or if the member has attained eligibility for a superannuation  
6 retirement allowance at the time of the disability, then the  
7 number of years of credited service. In lieu of a full  
8 disability annuity the member may elect to receive the  
9 equivalent actuarial value at the time of his retirement in a  
10 lesser allowance, payable throughout life in accordance with the  
11 provisions of either section 410-B(2) or (3).

12 (c) If a member has been found to be eligible for a  
13 disability annuity and if the disability has been found to be a  
14 service connected disability, the member shall receive a  
15 supplement equal to 70% of his final average salary less the sum  
16 of the annuity as determined under subsection (b) and any  
17 payments paid or payable on account of the disability under the  
18 act of June 2, 1915 (P.L.736, No.338), known as the Workers'  
19 Compensation Act, the act of June 21, 1939 (P.L.566, No.284),  
20 known as The Pennsylvania Occupational Disease Act, and the  
21 Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.). If  
22 the member has received a lump sum workers' compensation payment  
23 in lieu of future weekly compensation payments, the length in  
24 weeks and calculation of the service connected disability  
25 supplement shall be determined by dividing the lump sum payment  
26 by the average weekly wage as determined by the Workers'  
27 Compensation Board.

28 (d) Once every year the board may require any disability  
29 annuitant, while still under superannuation retirement age, to  
30 undergo medical examination by a physician designated by the

1 board. Should the physician report and certify to the board that  
2 the disability beneficiary is no longer physically or mentally  
3 incapacitated for the performance of duty, then his disability  
4 retirement allowance shall be discontinued.

5 (e) Should a disability annuitant, while under  
6 superannuation retirement age, refuse to submit to at least one  
7 medical examination in any year by a physician designated by the  
8 board, his disability retirement allowance shall be discontinued  
9 until the withdrawal of the refusal, and should the refusal  
10 continue for one year, then all his rights in and to any  
11 disability retirement allowance or for early involuntary  
12 retirement allowance provided for by this article, shall be  
13 forfeited.

14 (f) In the event of the death of a disability annuitant who  
15 has elected to receive a maximum disability annuity before the  
16 member has received in annuity payments an amount equal to the  
17 present value, on the effective date of disability, of the  
18 benefits to which the member would have been entitled under  
19 subsection (b) had the member died while in service, the balance  
20 of the amount shall be paid to the member's designated  
21 beneficiary.

22 Section 413-B. Vesting.--(a) A member who ceases to be an  
23 active member for any reason after having completed at least ten  
24 years of credited service but before meeting the superannuation  
25 retirement service requirement shall be entitled to vest his  
26 retirement benefits until he attains superannuation retirement  
27 age, by filing with the board a written notice of his intentions  
28 to vest, within 90 days of the date of his termination of  
29 employment. Accumulated deductions will include statutory  
30 interest from date of termination until the earlier of the date



of the commencement of the annuity or the date of payment of member contributions.

(b) A member who has separated from employment may elect, after he has vested, to be paid as follows:

(1) the full amount of the accumulated deductions, including statutory interest; or

(2) upon reaching superannuation retirement age, a retirement allowance computed under the provisions of section 408-B multiplied by a reduction factor equal to the ratio of the member's actual years of credited service divided by the required years of credited service for eligibility for a superannuation retirement benefit.

(c) Should a vested member die before he becomes eligible for a retirement allowance, the full amount of the accumulated deductions, including statutory interest credited to the date of his death, standing to his credit in the member's account of the fund shall be paid to his estate or to his named beneficiary, pursuant to section 411-B(d).

(d) Upon the termination of the retirement plan, all members, regardless of credited service, shall be deemed fully vested in their accrued benefit to the extent the benefits provided under the plan are funded as of the date of termination.

Section 414-B. Portability.--(a) There shall be no portability of service credits for a member enrolled under the Cooperative Municipal Pension and Security Program who leaves the employ of a municipality required to enroll their employees into one of the retirement plans created under this article and becomes employed by a municipality that has established a pension plan with the system under the provisions of Article II,

1 III or IV. Nor shall there be portability of service credits for  
2 a member enrolled in a pension plan that was established under  
3 the provisions of Article II, III or IV who leaves that  
4 municipality's employ and becomes employed by a municipality  
5 required to enroll their employees into one of the retirement  
6 plans created under the Cooperative Municipal Pension and  
7 Security Program.

8 (b) There shall be full portability of service credits among  
9 the four plans created by this article, without regard to the  
10 identity of the municipal employer. When a member enrolled in a  
11 plan established under this article has a change in employment  
12 that would no longer allow him to be eligible to earn credited  
13 service with that municipality but the member becomes eligible  
14 within a year of his separation from the plan for enrollment in  
15 another plan established under this article, the member may  
16 elect to transfer his credited service to his new plan provided  
17 he restores his accumulated contributions to the system. A  
18 member electing to institute the portability provisions found in  
19 this section shall have any retirement benefit he becomes  
20 eligible to receive calculated based upon a prorated formula  
21 reflecting the years of credited service under each retirement  
22 plan multiplied by the appropriate accrual formula applicable to  
23 that service time. The benefit shall be based upon the final  
24 salary of the member as determined under the provisions of the  
25 retirement plan from which he is to receive the benefit. The  
26 board shall ensure that the funding of the benefit is prorated  
27 between the retirement plans based upon an equitable  
28 distribution of the liability.

29 Section 51. Article V heading of the act is amended to read:

30 ARTICLE V

1 [REPEALS AND EFFECTIVE DATE]

2 MISCELLANEOUS PROVISIONS

3 Section 52. The Secretary of the Commonwealth shall publish  
4 a notice in the Pennsylvania Bulletin stating the enactment of  
5 an act of the General Assembly that both amends the act of  
6 December 18, 1984 (P.L.1005, No.205), known as the Municipal  
7 Pension Plan Funding Standard and Recovery Act, and provides for  
8 the Municipal Pension Recovery Program and for the Cooperative  
9 Municipal Pension and Security Program. The publication shall  
10 occur within ten days of the effective date of this section or  
11 the enactment of such amendatory act, whichever is later.

12 Section 53. This act shall take effect as follows:

13 (1) This section shall take effect immediately.

14 (2) Section 52 of this act shall take effect in 60 days.

15 (3) The remainder of this act shall take effect upon  
16 publication of the notice under section 52 of this act.