

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 349

Session of
1981

INTRODUCED BY LEVI, FRYER, A. C. FOSTER, JR., GAMBLE AND MERRY,
FEBRUARY 2, 1981

AS REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 13, 1981

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," providing for the custody of <—
24 ~~and payments from the fund; for the payment of administration~~
25 funds from excess interest earnings; authorizing increased
26 earnings on a temporary or seasonal basis and eliminating
27 certain offset payments.

28 The General Assembly of the Commonwealth of Pennsylvania

29 hereby enacts as follows:

1 ~~Section 1. Section 109, act of February 1, 1974 (P.L.34,~~ <—
2 ~~No.15), known as the "Pennsylvania Municipal Retirement Law," is~~
3 ~~amended to read:~~

4 ~~Section 109. Custody of and Payments from Fund. All moneys~~
5 ~~and securities in the fund shall be placed in the custody [of~~
6 ~~the State Treasurer for safekeeping] of the money manager, and~~
7 ~~all payments on account of retirement allowances shall be made~~
8 ~~on requisition signed by the [chairman and] secretary of the~~
9 ~~board to the financial institution or money manager approved and~~
10 ~~appointed by the board for complete management and custody of~~
11 ~~securities for the Pennsylvania Municipal Retirement System.~~

12 ~~Section 2. 1. Section 112 AND subsection (c) of section 207,~~ <—
13 ~~clause (3) of subsection (b) of section 212, subsection (c) of~~
14 ~~section 308, clause (3) of subsection (b) of section 313 and~~
15 ~~subsection (c) of section 406 of the act, ACT OF FEBRUARY 1,~~ <—
16 ~~1974 (P.L.34, NO.15), KNOWN AS THE "PENNSYLVANIA MUNICIPAL~~
17 ~~RETIREMENT LAW," amended May 17, 1980 (No.50) (P.L.135, NO.50),~~ <—
18 ~~are amended to read:~~

19 Section 112. Annual Estimates to Municipalities;
20 Administrative Expenses.--The board shall prepare and submit to
21 each municipality, on or before the first day of the third month
22 preceding the commencing of each municipality's fiscal year, an
23 itemized estimate of the amounts necessary to be appropriated by
24 the municipality to complete the payments of the obligations of
25 the municipality to the fund during its next fiscal year.

26 The board shall annually prepare and approve a budget
27 covering the administrative expenses of this act. Such expenses
28 as approved by the board shall be paid from receipts from
29 assessments made against each municipality for administrative
30 expenses. This assessment shall be based on the number of

1 members in each municipality and shall not exceed the sum of
2 twenty dollars (\$20) per member per year. If, in the calendar
3 years [1980 and 1981] 1982 AND 1983 and 1984 the amount received <—
4 from such assessments, when imposed at the maximum rate, is not
5 sufficient to cover the administrative expenses, then the
6 balance of such expenses shall be paid from interest earnings on
7 the fund in excess of the regular interest credited to the
8 municipal and member's accounts and shall not, in any year,
9 exceed [three-quarters] ONE-HALF of one per cent of the total <—
10 asset value of the fund as of the beginning of the calendar
11 year. The administration of the Pennsylvania Municipal
12 Retirement System shall be audited annually and a report of this
13 audit shall be made annually to the General Assembly.

14 Section 207. Withdrawal; Return to Service; Death in
15 Service.--* * *

16 (c) Should a person who has been retired on a retirement
17 allowance under this act, return to employment on a regular
18 full-time basis in the same municipality, his retirement
19 allowance shall cease, and in the case of an annuity, other than
20 a disability annuity, the present value of such annuity shall be
21 frozen as of the date such annuity ceases. Upon subsequent
22 discontinuance of service, such member, other than a former
23 disability annuitant, shall be entitled to an annuity which is
24 actuarially equivalent to the sum of the present value of the
25 annuity previously being paid and the present value of the
26 annuity earned by further service and further deductions added
27 upon reemployment. For the purposes of this section if a person
28 is reemployed on a temporary or seasonal basis and his gross
29 post-retirement earnings from such reemployment during the
30 calendar year are less than [two thousand five hundred twenty

1 dollars (\$2,520)] five thousand dollars (\$5,000) or such other
2 maximum as the board may establish, he shall not be deemed
3 reemployed, but if and when his gross post-retirement earnings
4 exceed [two thousand five hundred twenty dollars (\$2,520)] five
5 thousand dollars (\$5,000) or such other maximum as the board may
6 establish in any calendar year he shall not be entitled to
7 receive his retirement allowance for that month or any
8 subsequent month in the calendar year in which he continues in
9 service. The municipality is required to notify the board
10 immediately of the reemployment status of any retired former
11 employe and file separate monthly reports of his gross earnings
12 as prescribed by the board.

13 * * *

14 SECTION 2. SECTION 211 OF THE ACT IS AMENDED TO READ:

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15 SECTION 211. OPTIONS ON SUPERANNUATION OR EARLY
16 RETIREMENT.--AT THE TIME OF HIS SUPERANNUATION OR EARLY
17 RETIREMENT, A CONTRIBUTOR MAY ELECT TO RECEIVE HIS BENEFITS IN A
18 RETIREMENT ALLOWANCE PAYABLE THROUGHOUT HIS LIFE, WHICH SHALL BE
19 KNOWN AS A SINGLE LIFE ANNUITY. IN THE EVENT OF THE DEATH OF AN
20 ANNUITANT WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE
21 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS THE FULL
22 AMOUNT OF THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO HIS
23 CREDIT ON THE EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE
24 PAID TO HIS DESIGNATED BENEFICIARY, OR INSTEAD, HE MAY ELECT TO
25 RECEIVE THE EQUIVALENT ACTUARIAL VALUE AT THAT TIME OF HIS
26 RETIREMENT ALLOWANCE IN A LESSER ALLOWANCE, PAYABLE THROUGHOUT
27 LIFE WITH PROVISIONS THAT:

28 (1) OPTION 1. IF HE SHALL DIE BEFORE RECEIVING IN PAYMENTS
29 THE PRESENT VALUE OF HIS RETIREMENT ALLOWANCE AS IT WAS AT THE
30 TIME OF HIS RETIREMENT, THE BALANCE, IF LESS THAN FIVE THOUSAND

1 DOLLARS (\$5,000), SHALL BE PAID IN A LUMP SUM TO HIS LEGAL
2 REPRESENTATIVE, OR TO OR IN TRUST FOR HIS BENEFICIARY. IF THE
3 BALANCE IS FIVE THOUSAND DOLLARS (\$5,000) OR MORE, THE
4 BENEFICIARY MAY ELECT BY APPLICATION DULY ACKNOWLEDGED AND FILED
5 WITH THE BOARD TO RECEIVE PAYMENT OF SUCH BALANCE ACCORDING TO
6 ANY ONE OF THE FOLLOWING PROVISIONS: (I) A LUMP SUM PAYMENT;
7 (II) AN ANNUITY HAVING A PRESENT VALUE EQUAL TO THE BALANCE
8 PAYABLE; (III) A LUMP SUM PAYMENT AND AN ANNUITY. SUCH ANNUITY
9 SHALL BE OF EQUIVALENT ACTUARIAL VALUE TO THE BALANCE PAYABLE
10 LESS THE AMOUNT OF THE LUMP SUM PAYMENT SPECIFIED BY THE
11 BENEFICIARY.

12 (2) OPTION 2. UPON HIS DEATH, HIS RETIREMENT ALLOWANCE
13 SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO HIS
14 SURVIVOR ANNUITANT, IF THEN LIVING.

15 (3) OPTION 3. UPON HIS DEATH, ONE-HALF OF HIS RETIREMENT
16 ALLOWANCE SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO
17 HIS SURVIVOR ANNUITANT, IF THEN LIVING.

18 SECTION 3. CLAUSE 3 OF SUBSECTION (B) OF SECTION 212 AND
19 SUBSECTION (C) OF SECTION 308 OF THE ACT, AMENDED MAY 17, 1980
20 (P.L.135, NO.50), ARE AMENDED TO READ:

21 Section 212. Disability Retirement.--* * *

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

24 * * *

25 (3) A disability annuity payable from the total disability
26 reserve account which, together with the member's annuity and
27 the municipal annuity, shall be sufficient to produce a
28 retirement allowance of thirty per cent of the final salary.

29 Where the disability of the member is determined to be service-
30 connected, as defined in this act, the retirement allowance

1 shall equal fifty per cent of his final salary. †The disability <—
2 annuity shall be reduced by the amount of any payments for which
3 the member shall be eligible under the act of June 2, 1915
4 (P.L.736, No.338), known as "The Pennsylvania Workmen's
5 Compensation Act," or the act of June 21, 1939 (P.L.566,
6 No.284), known as "The Pennsylvania Occupational Disease Act."‡ <—

7 * * *

8 Section 308. Withdrawal; Return to Service; Death in
9 Service.--* * *

10 (c) Should a person who has been retired on a retirement
11 allowance under this act, return to employment on a regular
12 full-time basis in the same municipality, his retirement
13 allowance shall cease, and in the case of an annuity, other than
14 a disability annuity, the present value of such annuity shall be
15 frozen as of the date such annuity ceases. Upon subsequent
16 discontinuance of service, such member, other than a former
17 disability annuitant, shall be entitled to an annuity which is
18 actuarially equivalent to the sum of the present value of the
19 annuity previously being paid and the present value of the
20 annuity earned by further service and further deductions added
21 upon reemployment. For the purposes of this section if a person
22 is reemployed on a temporary or seasonal basis and his gross
23 post-retirement earnings from such reemployment during the
24 calendar year are less than [two thousand five hundred twenty
25 dollars (\$2,520)] five thousand dollars (\$5,000) or such other
26 maximum as the board may establish, he shall not be deemed
27 reemployed, but if and when his gross post-retirement earnings
28 exceed [two thousand five hundred twenty dollars (\$2,520)] five
29 thousand dollars (\$5,000) or such other maximum as the board may
30 establish in any calendar year he shall not be entitled to

1 receive his retirement allowance for that month or any
2 subsequent month in the calendar year in which he continues in
3 service. The municipality is required to notify the board
4 immediately of the reemployment status of any retired former
5 employe and file separate monthly reports of his gross earnings
6 as prescribed by the board.

7 * * *

8 SECTION 4. SECTION 312 OF THE ACT IS AMENDED TO READ:

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9 SECTION 312. OPTIONS ON SUPERANNUATION OR EARLY
10 RETIREMENT.--AT THE TIME OF HIS SUPERANNUATION OR EARLY
11 RETIREMENT, A CONTRIBUTOR MAY ELECT TO RECEIVE HIS BENEFITS IN A
12 RETIREMENT ALLOWANCE PAYABLE THROUGHOUT HIS LIFE, WHICH SHALL BE
13 KNOWN AS A SINGLE LIFE ANNUITY. IN THE EVENT OF THE DEATH OF AN
14 ANNUITANT WHO HAS ELECTED TO RECEIVE THE MAXIMUM SINGLE LIFE
15 ANNUITY BEFORE HE HAS RECEIVED IN ANNUITY PAYMENTS THE FULL
16 AMOUNT OF THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO HIS
17 CREDIT ON THE EFFECTIVE DATE OF RETIREMENT, THE BALANCE SHALL BE
18 PAID TO HIS DESIGNATED BENEFICIARY, OR INSTEAD, HE MAY ELECT, TO
19 RECEIVE THE ACTUARIAL EQUIVALENT VALUE AT THAT TIME OF HIS
20 RETIREMENT ALLOWANCE IN A LESSER ALLOWANCE, PAYABLE THROUGHOUT
21 LIFE WITH PROVISIONS THAT:

22 (1) OPTION 1. IF HE SHALL DIE BEFORE RECEIVING IN PAYMENTS
23 THE PRESENT VALUE OF HIS RETIREMENT ALLOWANCE AS IT WAS AT THE
24 TIME OF HIS RETIREMENT, THE BALANCE, IF LESS THAN FIVE THOUSAND
25 DOLLARS (\$5,000) SHALL BE PAID IN A LUMP SUM TO HIS LEGAL
26 REPRESENTATIVE, OR TO OR IN TRUST FOR HIS BENEFICIARY. IF THE
27 BALANCE IS FIVE THOUSAND DOLLARS (\$5,000) OR MORE, THE
28 BENEFICIARY MAY ELECT BY APPLICATION DULY ACKNOWLEDGED AND FILED
29 WITH THE BOARD TO RECEIVE PAYMENT OF SUCH BALANCE ACCORDING TO
30 ANY OF THE FOLLOWING PROVISIONS: (I) A LUMP SUM PAYMENT, (II) AN

1 ANNUITY HAVING A PRESENT VALUE EQUAL TO THE BALANCE PAYABLE,
2 (III) A LUMP SUM PAYMENT AND AN ANNUITY. SUCH ANNUITY SHALL BE
3 OF EQUIVALENT ACTUARIAL VALUE TO THE BALANCE PAYABLE LESS THE
4 AMOUNT OF THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

5 (2) OPTION 2. UPON HIS DEATH HIS RETIREMENT ALLOWANCE SHALL
6 BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO HIS SURVIVOR
7 ANNUITANT, IF THEN LIVING.

8 (3) OPTION 3. UPON HIS DEATH, ONE-HALF OF HIS RETIREMENT
9 ALLOWANCE SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO
10 HIS SURVIVOR ANNUITANT, IF THEN LIVING.

11 SECTION 5. CLAUSE (3) OF SUBSECTION (B) OF SECTION 313 AND
12 SUBSECTION (C) OF SECTION 406 OF THE ACT, AMENDED MAY 17, 1980
13 (P.L.135, NO.50), ARE AMENDED TO READ:

14 Section 313. Disability Retirement.--* * *

15 (b) On retirement for disability, a member shall receive a
16 retirement allowance which shall consist of:

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

30 * * *

1 Section 406. Withdrawal; Return to Service; Death in
2 Service.--* * *

3 (c) Should a person who has been retired on a retirement
4 allowance under this act, return to employment on a regular
5 full-time basis in the same municipality, his retirement
6 allowance shall cease, and in the case of an annuity, other than
7 a disability annuity, the present value of such annuity shall be
8 frozen as of the date such annuity ceases. Upon subsequent
9 discontinuance of service, such member, other than a former
10 disability annuitant, shall be entitled to an annuity which is
11 actuarially equivalent to the sum of the present value of the
12 annuity previously being paid and the present value of the
13 annuity earned by further service and further deductions added
14 upon reemployment. For the purposes of this section if a person
15 is reemployed on a temporary or seasonal basis and his gross
16 post-retirement earnings from such reemployment during the
17 calendar year are less than [two thousand five hundred twenty
18 dollars (\$2,520)] five thousand dollars (\$5,000) or such other
19 maximum as the board may establish, he shall not be deemed
20 reemployed, but if and when his gross post-retirement earnings
21 exceed [two thousand five hundred twenty dollars (\$2,520)] five
22 thousand dollars (\$5,000) or such other maximum as the board may
23 establish in any calendar year he shall not be entitled to
24 receive his retirement allowance for that month or any
25 subsequent month in the calendar year in which he continues in
26 service. The municipality is required to notify the board
27 immediately of the reemployment status of any retired former
28 employee and file separate monthly reports of his gross earnings
29 as prescribed by the board.

30 * * *

SECTION 6. SECTION 409 OF THE ACT IS AMENDED TO READ:

SECTION 409. OPTIONS ON SUPERANNUATION OR EARLY RETIREMENT.--AT THE TIME OF HIS SUPERANNUATION OR EARLY RETIREMENT, A CONTRIBUTOR 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 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 ANNUITY SHALL BE OF EQUIVALENT ACTUARIAL VALUE TO THE BALANCE PAYABLE LESS THE AMOUNT OF THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

(2) OPTION 2. UPON HIS DEATH, HIS RETIREMENT ALLOWANCE SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO HIS

1 SURVIVOR ANNUITANT, IF THEN LIVING.

2 (3) OPTION 3. UPON HIS DEATH, ONE-HALF OF HIS RETIREMENT
3 ALLOWANCE SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO
4 HIS SURVIVOR ANNUITANT, IF THEN LIVING.

5 (4) OPTION 4. ANY OTHER OPTIONAL FORM OF PAYMENT CONTAINED
6 IN THE CONTRACT.

7 Section ~~3-~~ 7. This act shall take effect immediately.

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