

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1342 Session of  
1983

INTRODUCED BY FRYER, IRVIS, A. C. FOSTER, JR., GAMBLE, DUFFY,  
LEVI, RUDY, MARMION, BROUJOS, GALLEN, FEE, MOWERY AND  
JAROLIN, JULY 14, 1983

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, JULY 14, 1983

AN ACT

1 Amending the act of August 31, 1971 (P.L.398, No.96), entitled  
2 "An act providing for the creation, maintenance and operation  
3 of a county employees' retirement system, and imposing certain  
4 charges on counties and providing penalties," providing that  
5 counties may make pickup contributions to the county  
6 employees' retirement system on behalf of county employees.

7 The General Assembly of the Commonwealth of Pennsylvania  
8 hereby enacts as follows:

9 Section 1. Section 2 of the act of August 31, 1971 (P.L.398,  
10 No.96), known as the County Pension Law, amended June 22, 1978  
11 (P.L.495, No.74), is amended to read:

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

13 (1) "Board" means the County Retirement Board created by  
14 this act.

15 (2) "County employe" means any person, whether elected or  
16 appointed, who is employed by the county, the county institution  
17 district, in the county prison or in any other institution  
18 maintained by the county from county moneys, or who is employed  
19 by any county or State official and paid by such official from

1 moneys appropriated by the county for such purpose, whose salary  
2 or compensation is paid in regular periodic installments or from  
3 fees collected by his office, but shall not, except as hereafter  
4 provided, include any person paid on a per diem basis, nor shall  
5 it include any person to the extent that the total of the salary  
6 and fees exceed the highest salary paid to any elected county  
7 official.

8 (3) "Fund" means the County Employees' Retirement Fund  
9 created by this act.

10 (4) "Accumulated deductions" means the total of pickup  
11 contributions and, the amounts deducted from the salary of a  
12 contributor and paid into the fund and standing to the credit of  
13 the members' annuity reserve account, together with the regular  
14 interest thereon.

15 (4.1) "Compensation" means pickup contributions plus  
16 remuneration received as a county employe excluding refunds for  
17 expenses, contingency and accountable expense allowances and  
18 excluding severance payments or payments for unused vacation or  
19 sick leave.

20 (5) "Contributor" means any person who has accumulated  
21 deductions in the fund standing to the credit of the members'  
22 annuity reserve account.

23 (6) "Retiree" means any person in receipt of a retirement  
24 allowance under this act.

25 (7) "Prior service" means all service as a county employe  
26 served not later than December thirty-first, preceding the year  
27 the retirement system shall be established in any county.

28 (8) "Original member" means a member who was a county  
29 employe on the date of establishment of the retirement system in  
30 the county.

1 (9) "New member" means a member who shall have become a  
2 member of the retirement system after the establishment of the  
3 retirement system in said county.

4 (10) "Superannuation retirement age" means sixty years of  
5 age or upwards, except as applied to a contributor who has  
6 completed twenty years of total service, in which case  
7 superannuation retirement age means fifty-five years of age or  
8 upwards.

9 (11) "Final salary" means the average annual [salary]  
10 compensation received by the contributor for the three highest  
11 years of service in the employment of the county, or in the  
12 event a member has not served five years, the total [salary]  
13 compensation received divided by the number of years served.

14 (12) "Regular interest" means interest at the rate of four  
15 per cent compounded annually, except as established by the board  
16 for member contributions.

17 (13) "County annuity" means payments for life or during  
18 disability derived from contributions made by the county.

19 (14) "Member's annuity" means payments for life or during  
20 disability derived from contributions made by the contributor  
21 and from pickup contributions.

22 (14.1) "Pickup contributions" means regular member  
23 contributions which are made by the county on behalf of county  
24 employees for current service in accordance with section 7(c).

25 (15) "Retirement allowance" means the county annuity plus  
26 the member's annuity.

27 (16) "Vesting" means the right of a contributor who  
28 separates from service after having completed eight or more  
29 years of credited service to leave accumulated deductions  
30 credited to his account in the fund and upon reaching

1 superannuation retirement age receive a superannuation  
2 retirement allowance.

3 Section 2. Sections 7, 10, 12, 14 and 16 of the act are  
4 amended to read:

5 Section 7. County Employees' Retirement Fund; Transfers  
6 Between Classes.--(a) There is hereby created in each county of  
7 the second class A, third class, fourth class, fifth class,  
8 sixth class, seventh class, and eighth class, in which a  
9 retirement system has been established, a County Employees'  
10 Retirement Fund which shall consist of all moneys arising from  
11 appropriations made by the county [and], from contributions made  
12 by the members of the County Employees' Retirement System and  
13 from pickup contributions and all interest earned by the  
14 investments of moneys of the fund. The moneys contributed by the  
15 county shall be credited to a county annuity reserve account;  
16 and[, ] those contributed by the members and pickup contributions  
17 shall be credited to a member's annuity reserve account. Upon  
18 the granting of a retirement allowance to any contributor,  
19 whether as a superannuation retirement allowance, an involuntary  
20 retirement allowance or a total disability retirement allowance,  
21 the amount of the contributor's accumulated deductions in the  
22 members' annuity reserve account shall lose their status as  
23 accumulated contributions and shall be transferred to a retired  
24 members' reserve account. Regular interest shall be credited up  
25 to the date of retirement, death or withdrawal, to the members'  
26 annuity and county annuity and retired members' reserve  
27 accounts. Where a contributor separates from county service with  
28 vesting, regular interest shall be credited to all accumulated  
29 deductions credited to his account in the fund to the date on  
30 which he attains his superannuation retirement age. The actuary

1 shall determine the present value of the liability on account of  
2 all county annuities payable to original members and the  
3 percentage of such liability which shall be contributed by the  
4 county each year over a period of fifteen years from the time  
5 the system is established until the accumulated reserve equals  
6 the present value of said liability. All such contributions  
7 shall be credited to the county annuity reserve account. The  
8 actuary shall also determine the amount which shall be  
9 contributed by the county into the fund periodically for credit  
10 to the county annuity reserve account on account of service of  
11 all new and original members subsequent to the time the  
12 retirement system is established.

13 (b) Each member of the retirement system shall be required  
14 to contribute to the fund such per cent of his salary determined  
15 as follows:

16	(1) Class 1-120	5%
17	(2) Class 1-100	6%
18	(3) Class 1-80	7%
19	(4) Class 1-70	8%
20	(5) Class 1-60	9%

21 (c) The county may elect to contribute on behalf of each  
22 active member for current service the amount required by  
23 subsection (b) beginning the first Monday of January of the year  
24 succeeding the one in which the resolution to do so was adopted  
25 by the commissioners or, in counties operating under a home rule  
26 charter or optional plan, by the governing authority.  
27 Contributions made in accordance with this subsection shall be  
28 deemed "pickup contributions" and shall be treated as the  
29 county's contribution in determining tax treatment under the act  
30 of August 16, 1954, 68A Stat. 5, known as the Internal Revenue

1 Code of 1954, for Federal tax purposes. For all other purposes  
2 pickup contributions shall be treated as contributions made by a  
3 member in the same manner and to the same extent as  
4 contributions made prior to the implementation of this  
5 subsection. The county on or before January 31 of each year  
6 shall, at the time when the income and withholding information  
7 required by law is furnished to each county employe, also  
8 furnish the amount of the pickup contribution made on the  
9 employe's behalf. Upon the effective date of the implementation  
10 of this subsection, the county shall pick up the required  
11 contributions by an equal reduction in the compensation of the  
12 member.

13     (d) Each member may elect to contribute an additional amount  
14 not exceeding ten per cent more than the percentage herein  
15 required. The contributions shall be paid into the fund through  
16 payroll deductions in such manner as the board may require. All  
17 contributions including optional additional payments by members  
18 shall be credited to the members' annuity reserve account. The  
19 board may at any time, by rule, authorize members of the  
20 retirement system, whether original or new members, to transfer  
21 from the one-one hundred twentieth class, or from the one-one  
22 hundredth class, to the one-eightieth class, to the one-  
23 seventieth class, or to the one-sixtieth class. Whenever such  
24 transfers are authorized, salary deductions or pickup  
25 contributions applicable to the transferred members shall be  
26 based upon the per cent of salary deduction applicable while in  
27 each class.

28     Section 10. Compulsory Membership.--Each county officer may  
29 and all other county employes shall be required to become a  
30 member of the retirement system established by this act at the

1 date specified in the resolution establishing the retirement  
2 system, and thereafter when first becoming a county employe.  
3 Those becoming members who have been at any time county employes  
4 prior to the first Monday of January of the year the retirement  
5 system is established shall be known as original members; and,  
6 those becoming members after that date as new members. Any  
7 person who becomes a county employe subsequent to the time the  
8 system was established, and who has been an employe of the  
9 county at any time theretofore, shall receive credit for the  
10 service prior to the time the system was established, and shall  
11 be known as an original member if he shall contribute to the  
12 fund the amount which [he] would have been contributed if the  
13 retirement system had been in effect during such previous  
14 employment; in which event, the county shall contribute for each  
15 employe the amount which it would have contributed if the  
16 retirement system had been in effect during such previous  
17 employment.

18 Section 12. Service Allowance.--In computing the length of  
19 service of a contributor for retirement purposes, full credit  
20 shall be given to each original member for each year of service  
21 rendered to the county prior to January first of the year the  
22 retirement system was established. This shall include the  
23 services of a county official whose compensation was in the form  
24 of fees collected by his office, and shall also include the  
25 services of employes paid directly by such county official out  
26 of such fees. Full credit shall also be given for each year of  
27 service of a contributor who was a per diem employe of the  
28 county for a period of at least five years prior to the time the  
29 system became effective and who averaged at least two hundred  
30 days of employment in each of such years. As soon as

1 practicable, the board shall issue to each original member a  
2 certificate certifying the aggregate length of his service prior  
3 to January first of the year the retirement system was  
4 established. Such certificate shall be final and conclusive as  
5 to his prior service, unless thereafter modified by the board  
6 upon application of the member. The board may also give credit  
7 to any person who was a county employe for each year that he was  
8 employed for at least two hundred days per year on a per diem  
9 basis for the purpose of the computation of his retirement  
10 credit upon payment by the employe of the amount which the board  
11 determines should have been [his] the applicable member  
12 contribution during such period. Such payment may be made in  
13 installments over a period fixed by the board. The time during  
14 which a member is absent from service without pay may be counted  
15 in computing the service of a contributor, if allowed by the  
16 county commissioners and approved by the board and if the  
17 employe pays [both his personal] the member contribution,  
18 including the pickup contribution, and the county's contribution  
19 into the fund based upon the contributions made the year  
20 immediately preceding the leave of absence.

21 Section 14. Superannuation Retirement Allowance.--(a) Any  
22 contributor who has reached superannuation retirement age may  
23 retire for superannuation by filing with the board a written  
24 statement duly signed by the contributor setting forth at what  
25 time he desires to be retired. The application shall retire the  
26 contributor at the time so specified.

27 (b) On retirement for superannuation, a retiree shall  
28 receive a retirement allowance which shall consist of: (i) a  
29 member's annuity which shall be the actuarial equivalent of his  
30 accumulated deductions standing to his credits in the members'



1 annuity reserve account, and (ii) a county annuity equal to one-  
2 one hundred twentieth of his final salary multiplied by each  
3 year of total service, and, in addition thereto in the case of  
4 an original member, one-one hundred twentieth of his final  
5 salary multiplied by each year of prior service. At any time the  
6 board by rule may, by increasing the county annuity, authorize  
7 the payment of a minimum retirement allowance of one hundred  
8 dollars (\$100) per month to every beneficiary who shall thereby  
9 retire for superannuation after twenty years service.

10 (c) Whenever the board has by rule authorized the members of  
11 the retirement system to transfer from the one-one hundred  
12 twentieth class to the one-one hundredth class, or whenever the  
13 board shall hereafter by rule authorize the transfer to the one-  
14 eightieth class, to the one-seventieth class or the one-sixtieth  
15 class, the county annuity shall be calculated as follows:

16 (1) For service prior to the time of transfer, at the one-  
17 one hundred twentieth rate, the one-one hundredth rate, the one-  
18 eightieth rate, the one-seventieth rate or the one-sixtieth rate  
19 as the case may be.

20 (2) For service subsequent to the time of transfer to the  
21 time of retirement, or to the time of a subsequent transfer, at  
22 the rate applicable during such period.

23 (3) For all service prior to the time of commencing  
24 contribution, as the time [he contributed] member contributions  
25 were made at the one-one hundred twentieth rate bears to the  
26 total time of contribution and as the time [he contributed]  
27 member contributions were made at any other rate herein provided  
28 for bears to the total time of contribution.

29 Section 16. Involuntary Retirement Allowance; Voluntary  
30 Retirement Allowance after Twenty Years of Service.--(a) Should

1 a contributor be discontinued from service not voluntarily, or  
2 an elected county officer complete his term of office and  
3 discontinue service after having completed eight years of total  
4 service, or voluntarily after having completed twenty years of  
5 total service but before reaching superannuation retirement age,  
6 except as herein provided for certain contributors who have  
7 completed twenty years of total service, he shall be paid as he  
8 may elect, as follows:

9 (1) The full amount of the accumulated deduction standing to  
10 his credit in the members' annuity reserve account; or

11 (2) A member's annuity of equivalent actuarial value to his  
12 accumulated deductions standing to his credit in the members'  
13 annuity reserve account, and, in addition, a county annuity  
14 which is the actuarial equivalent of a county annuity beginning  
15 at superannuation retirement age but based on the period of  
16 service up to the date of discontinuance from service and not on  
17 the period of service required to reach superannuation  
18 retirement age. The same options shall be available to retirees  
19 in case of involuntary retirement as provided herein in the case  
20 of superannuation retirement. In the event a contributor, after  
21 having completed eight or more years of total service,  
22 heretofore has or hereafter shall be discontinued from service  
23 because of appointment or election to a position incompatible  
24 with his service as a county employe or officer and such employe  
25 or officer has not reached the superannuation retirement age,  
26 such withdrawal shall be considered involuntary [and]; the  
27 accumulated deductions and the contributions of [the contributor  
28 and] the county, at the option of the employe or officer, shall  
29 remain in the fund until superannuation age has been reached. In  
30 the event a refund of accumulated contributions has been made

1 and the county's accumulated contributions have been withdrawn  
2 under the above circumstances, the employe or officer shall be  
3 permitted to repay into and the county shall be required to  
4 reimburse the fund the amounts paid out, with interest to the  
5 date of repayment, thereby reestablishing the rights of the  
6 contributor in said fund even though superannuation retirement  
7 age has been reached and benefits shall be paid as if the  
8 original severance had been involuntary.

9     (b) Any contributor who has completed twenty years of total  
10 service and who has reached the superannuation retirement age  
11 shall be entitled to the superannuation retirement allowance  
12 provided in section 14.

13     Section 3. This act shall take effect in 60 days.