

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2269 Session of
2003

INTRODUCED BY NICKOL, DECEMBER 17, 2003

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 29, 2004

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),
2 entitled "An act mandating actuarial funding standards for
3 all municipal pension systems; establishing a recovery
4 program for municipal pension systems determined to be
5 financially distressed; providing for the distribution of the
6 tax on the premiums of foreign fire insurance companies; and
7 making repeals," ~~further providing for the certification of~~ <—
8 ~~municipal pension costs and for the administration of the~~
9 ~~General Municipal Pension System State Aid Program.~~ PROVIDING <—
10 FOR THE DEFINITIONS OF "IROP," "IROP PARTICIPANT," "IROP
11 PARTICIPANT ACCOUNT" AND "LOCAL GOVERNMENT"; FURTHER
12 PROVIDING FOR THE DEFINITION OF "MUNICIPAL EMPLOYEE" AND FOR
13 CONTENTS OF ACTUARIAL VALUATION REPORT; PROVIDING FOR THE
14 CERTIFICATION OF MUNICIPAL PENSION COSTS; FURTHER PROVIDING
15 FOR MINIMUM FUNDING STANDARDS AND FOR REVISION OF FINANCING;
16 AND PROVIDING FOR IN-SERVICE RETIREMENT OPTION PLANS IN LOCAL
17 GOVERNMENTS.

18 The General Assembly of the Commonwealth of Pennsylvania
19 hereby enacts as follows:

20 ~~Section 1. Section 202(b) of the act of December 18, 1984~~ <—
21 ~~(P.L.1005, No.205), known as the Municipal Pension Plan Funding~~
22 ~~Standard and Recovery Act, amended December 19, 1997 (P.L.611,~~
23 ~~No.61), is amended to read:~~
24 ~~Section 202. Contents of actuarial valuation report.~~

1 * * *

2 ~~(b) Contents of actuarial exhibits; defined benefit plans~~
3 ~~self insured in whole or in part. For any pension plan which is~~
4 ~~a defined benefit plan and which is self insured in whole or in~~
5 ~~part, all applicable actuarial exhibits shall be prepared in~~
6 ~~accordance with the entry age normal actuarial cost method with~~
7 ~~entry age established as the actual entry age for all plan~~
8 ~~members unless the municipality applies for and is granted~~
9 ~~authorization by the commission to use an alternative actuarial~~
10 ~~cost method. Authorization shall be granted if the municipality~~
11 ~~demonstrates on an individual pension plan basis that there are~~
12 ~~compelling reasons of an actuarial nature for the use of an~~
13 ~~alternative actuarial cost method. The commission shall issue~~
14 ~~rules and regulations specifying the criteria which the~~
15 ~~commission will use to determine the question of the existence~~
16 ~~of compelling reasons for the use of an alternative actuarial~~
17 ~~cost method, the documentation which a municipality seeking the~~
18 ~~authorization will be required to supply and the acceptable~~
19 ~~alternative actuarial cost methods which the commission may~~
20 ~~authorize. The actuarial cost method shall be used to value all~~
21 ~~aspects of the benefit plan or plans of the pension plan unless~~
22 ~~the municipality applies for and is granted authorization by the~~
23 ~~commission to use approximation techniques other than the~~
24 ~~actuarial cost method for aspects of the benefit plan or plans~~
25 ~~of the pension plan other than the retirement benefit.~~
26 ~~Authorization shall be granted if the municipality demonstrates~~
27 ~~on an individual pension plan basis that there are compelling~~
28 ~~reasons of an actuarial nature for the use of these~~
29 ~~approximation techniques. The commission shall issue rules and~~
30 ~~regulations specifying the criteria which the commission will~~

1 ~~use to determine the question of the existence of compelling~~
2 ~~reasons for the use of approximation techniques, the~~
3 ~~documentation which a municipality seeking the authorization~~
4 ~~will be required to supply and the acceptable approximation~~
5 ~~technique which the commission may authorize. The actuarial~~
6 ~~exhibits shall use actuarial assumptions which are, in the~~
7 ~~judgment of the actuary and the governing body of the plan, the~~
8 ~~best available estimate of future occurrences in the case of~~
9 ~~each assumption. With respect to economic actuarial assumptions,~~
10 ~~the assumptions shall either be within the range specified in~~
11 ~~rules and regulations issued by the commission or documentation~~
12 ~~explaining and justifying the choice of assumptions outside the~~
13 ~~range shall accompany the report. The actuarial exhibits shall~~
14 ~~measure all aspects of the benefit plan or plans of the pension~~
15 ~~plan in accordance with modifications in the benefit plan or~~
16 ~~plans, if any, and salaries which as of the valuation date are~~
17 ~~known or can reasonably be expected to be in force during the~~
18 ~~ensuing plan year. The actuarial valuation report shall contain~~
19 ~~the following actuarial exhibits:~~

20 ~~(1) An exhibit of the normal cost of the benefits~~
21 ~~provided by the benefit plan as of the date of the actuarial~~
22 ~~valuation, expressed as a percentage of the future covered~~
23 ~~payroll of the active membership of the pension plan as of~~
24 ~~the date of the actuarial valuation.~~

25 ~~(2) An exhibit of the actuarial accrued liability of the~~
26 ~~benefit plan as of the date of the actuarial valuation in~~
27 ~~total which shall be the actuarial present value of all~~
28 ~~projected benefits provided by the benefit plan reduced by~~
29 ~~the actuarial present value of future normal costs, and in~~
30 ~~particular, which shall include the following required~~

~~actuarial present values for pension plan benefits of related items:~~

~~(i) Required actuarial present values on account of active members:~~

~~(A) Retirement benefits.~~

~~(B) Disability benefits.~~

~~(C) Survivor benefits.~~

~~(D) Refund liability due to withdrawal from active service or death.~~

~~(E) Other benefits, specifying the nature of each type.~~

~~This item shall include a footnote indicating the amount of accumulated member contributions without accrued interest.~~

~~(ii) Required actuarial present values on account of former members with a deferred, vested or otherwise nonforfeitable right to a retirement benefit.~~

~~(iii) Required actuarial present values on account of former members who do not have a deferred, vested or otherwise nonforfeitable right to the retirement benefit and who have not withdrawn any accumulated member contributions.~~

~~(iv) Required actuarial present values on account of benefit recipients:~~

~~(A) Retirement benefits.~~

~~(B) Disability benefits.~~

~~(C) Surviving spouse benefits.~~

~~(D) Surviving child benefits.~~

~~(E) Other benefits, specifying the nature of each type.~~

~~(v) Required actuarial present values for other benefits provided by the benefit plan, specifying the nature of each type.~~

~~(vi) Actuarial present value of future normal cost.~~

~~(3) An exhibit of the unfunded actuarial accrued liability of the pension plan in total, which shall be the actuarial accrued liability of the pension plan calculated pursuant to paragraph (2) less the actuarial value of assets of the pension plan calculated pursuant to subsection (c)(1), and which, in particular, shall include the following:~~

~~(i) The remaining balance of the unfunded actuarial accrued liability in existence as of the first actuarial valuation report required by this section occurring next following the date of enactment of this section.~~

~~(ii) The remaining balance of each increment of unfunded actuarial accrued liability attributable to modifications in the benefit plan governing the pension plan which were applicable to active members, separately indicating each and designating each by the plan year in which the benefit plan modification was made effective.~~

~~(iii) The remaining balance of each increment of unfunded actuarial accrued liability attributable to modifications in the benefit plan governing the pension plan which were applicable to retired members and other benefit recipients, separately indicating each and designating each by the plan year in which the benefit plan modification was made effective.~~

~~(iv) The remaining balance of each increment of net unfunded actuarial accrued liability attributable to modifications in the actuarial assumptions used to~~

1 ~~calculate the actuarial accrued liability of the pension~~
2 ~~plan separately indicating each and designating each by~~
3 ~~the plan year in which the actuarial assumption~~
4 ~~modification was made effective.~~

5 ~~(v) The remaining balance of each increment or~~
6 ~~decrement of net unfunded actuarial accrued liability~~
7 ~~attributable to net actuarial experience losses or gains,~~
8 ~~separately indicating each and designating each by the~~
9 ~~plan year in which the actuarial experience loss or gain~~
10 ~~was recognized.~~

11 ~~(vi) The remaining balance of each increment of~~
12 ~~unfunded actuarial accrued liability attributable to the~~
13 ~~provision of survivor benefits payable under section~~
14 ~~5(c)(2) of the act of May 29, 1956 (1955 P.L.1804,~~
15 ~~No.600), referred to as the Municipal Police Pension Law,~~
16 ~~separately indicating each and designating each by the~~
17 ~~year in which the actuarial experience loss was~~
18 ~~recognized.~~

19 ~~The initial determination of the unfunded actuarial accrued~~
20 ~~liability attributable to a modification in the benefit plan~~
21 ~~governing the pension plan or to a modification in the~~
22 ~~actuarial assumptions used to calculate the actuarial accrued~~
23 ~~liability of the pension plan shall be made by calculating~~
24 ~~the unfunded actuarial accrued liability of the pension plan~~
25 ~~in accordance with the benefit plan provisions and actuarial~~
26 ~~assumptions which were in effect prior to the modification~~
27 ~~and by calculating the unfunded actuarial accrued liability~~
28 ~~of the pension plan in accordance with the modification in~~
29 ~~the provisions of the benefit plan governing the pension plan~~
30 ~~or the actuarial assumptions used to calculate the actuarial~~

1 ~~accrued liability of the pension plan, whichever is~~
2 ~~applicable, and the remaining benefit plan provisions and~~
3 ~~actuarial assumptions. The initial determination of the~~
4 ~~unfunded actuarial accrued liability attributable to an~~
5 ~~actuarial loss shall be made in conjunction with the analysis~~
6 ~~of increases or decreases in the unfunded actuarial accrued~~
7 ~~liability of the pension plan required pursuant to paragraph~~
8 ~~(6).~~

9 ~~(4) An exhibit of any additional funding costs~~
10 ~~associated with the amortization of any unfunded actuarial~~
11 ~~accrued liability of the pension plan, indicating for each~~
12 ~~increment of unfunded actuarial accrued liability specified~~
13 ~~in paragraph (3), the level annual dollar contribution~~
14 ~~required to pay an amount equal to the actuarial assumption~~
15 ~~as to investment earnings applied to the principal amount of~~
16 ~~the remaining balance of the increment of unfunded actuarial~~
17 ~~accrued liability and to retire by the applicable~~
18 ~~amortization target date specified in this paragraph the~~
19 ~~principal amount of the remaining balance of the increment of~~
20 ~~unfunded actuarial accrued liability. The amortization target~~
21 ~~date applicable for each type of increment of unfunded~~
22 ~~actuarial accrued liability shall be as follows:~~

23 ~~(i) (A) In the case of a pension plan established~~
24 ~~on or prior to January 1, 1985 for the unfunded~~
25 ~~actuarial accrued liability in existence as of the~~
26 ~~beginning of the plan year occurring in calendar year~~
27 ~~1985, at the end of the plan year occurring in~~
28 ~~calendar year 2015; or~~

29 ~~(B) In the case of a pension plan established~~
30 ~~after January 1, 1985, for the unfunded actuarial~~

~~accrued liability then or subsequently determined to be or to have been in existence as of the date of the establishment of the plan, at the end of the plan year occurring 30 years after the calendar year in which the pension plan was established.~~

~~(ii) Increment or decrement of net unfunded actuarial accrued liability attributable to a change in actuarial assumptions, at the end of the plan year occurring 20 years after the calendar year in which actuarial assumption modification was effective.~~

~~(iii) Increment of net unfunded actuarial accrued liability attributable to a modification in the benefit plan applicable to active members, at the end of the plan year occurring 20 years after the calendar year in which the benefit plan modification was effective.~~

~~(iv) Increment of unfunded actuarial accrued liability attributable to a modification in the benefit plan applicable to retired members and other benefit recipients, at the end of the plan year occurring 10 years after the calendar year in which the benefit plan modification was effective.~~

~~(v) Increment or decrement of net unfunded actuarial accrued liability attributable to an actuarial experience loss or gain, at the end of plan year occurring 15 years after the calendar year in which the actuarial experience loss or gain was recognized.~~

~~(vi) Increment of unfunded actuarial accrued liability attributable to the provision of survivor benefits payable under section 5(c)(2) of the act of May 29, 1956 (1955 P.L.1804, No.600), referred to as the~~

~~Municipal Police Pension Law, at the end of the plan year occurring 40 years after the calendar year in which the survivor benefits were first payable.~~

~~With respect to any applicable pension plan other than a plan which comprises all or part of a moderately distressed or a severely distressed municipal pension system, if the remaining average period between the current average attained age of active members as of the valuation date and the later of their earliest average normal retirement age or their average assumed retirement age is less than the applicable period or periods ending with the amortization target date or dates specified in subparagraph (i), (ii), (iii) or (v), the appropriate amortization target date for the applicable subparagraph determined with reference to the longest applicable remaining average period rounded to the next largest whole number shall be used. With respect to any plan year beginning after December 31, 1997, if, as of the beginning of the plan year, the ratio of the actuarial value of assets to the actuarial accrued liability exceeds 0.70 and the governing body of the municipality has passed a resolution to irrevocably commit the municipality to apply the limit on the additional funding costs, as provided herein, in the preparation of the current and all future exhibits under this paragraph, then the sum of the additional funding costs for subparagraphs (i), (ii), (iii), (iv) and (v) above shall not exceed the amount required to amortize the remaining unfunded actuarial accrued liability as of the beginning of the plan year over 10 years in level annual dollar contributions. The exhibit shall indicate the total dollar amount of additional funding costs associated with the~~

1 ~~amortization of any unfunded actuarial accrued liability of~~
2 ~~the pension plan applicable for that plan year and any~~
3 ~~subsequent plan year occurring prior to the preparation of~~
4 ~~the next required actuarial valuation report, which shall be~~
5 ~~the total of the additional funding costs associated with the~~
6 ~~amortization of each increment of unfunded actuarial accrued~~
7 ~~liability. The exhibit shall also indicate the plan year in~~
8 ~~which any unfunded actuarial accrued liability of the pension~~
9 ~~plan would be fully amortized if the total annual additional~~
10 ~~funding cost calculated pursuant to this paragraph were met~~
11 ~~continuously without increase or decrease in amount until the~~
12 ~~total unfunded actuarial accrued liability currently existing~~
13 ~~was fully amortized. In calculating the additional funding~~
14 ~~costs associated with the amortization of any unfunded~~
15 ~~actuarial accrued liability of the pension plan in any plan~~
16 ~~year, any amortization contribution made in the interval~~
17 ~~since the last actuarial valuation report shall be allocated~~
18 ~~to each type of increment of unfunded actuarial accrued~~
19 ~~liability in proportion to the remaining dollar amount of~~
20 ~~each type.~~

21 ~~* * *~~

22 ~~Section 2. The act is amended by adding a section to read:~~

23 ~~Section 209. Certification of municipal pension costs.~~

24 ~~The commission shall determine annually the actual financial~~
25 ~~requirement for each municipal pension plan based on the data~~
26 ~~contained in the most recent complete report required to be~~
27 ~~filed by the municipality pursuant to this chapter and shall~~
28 ~~certify annually to the Auditor General the actual financial~~
29 ~~requirements for each municipal pension plan based on the data~~
30 ~~contained in the most recent actuarial valuation report required~~

~~to be filed by the municipality pursuant to this chapter. The Auditor General shall use the data certified by the commission to implement the provisions of section 402(f)(2).~~

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

SECTION 1. THE TITLE OF THE ACT OF DECEMBER 18, 1984 (P.L.1005, NO.205), KNOWN AS THE MUNICIPAL PENSION PLAN FUNDING STANDARD AND RECOVERY ACT, IS AMENDED TO READ:

AN ACT

MANDATING ACTUARIAL FUNDING STANDARDS FOR ALL MUNICIPAL PENSION SYSTEMS; ESTABLISHING A RECOVERY PROGRAM FOR MUNICIPAL PENSION SYSTEMS DETERMINED TO BE FINANCIALLY DISTRESSED; PROVIDING FOR THE DISTRIBUTION OF THE TAX ON THE PREMIUMS OF FOREIGN FIRE INSURANCE COMPANIES; PROVIDING FOR THE ESTABLISHMENT AND ADMINISTRATION OF IN-SERVICE RETIREMENT OPTION PLANS IN LOCAL GOVERNMENTS; AND MAKING REPEALS.

SECTION 2. THE DEFINITION OF "MUNICIPAL EMPLOYEE" IN SECTION 102 OF THE ACT IS AMENDED AND THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

SECTION 102. DEFINITIONS.

EXCEPT AS PROVIDED IN CHAPTER 7, THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

* * *

"IROP." AN IN-SERVICE RETIREMENT OPTION PLAN CREATED AND OPERATED BY A LOCAL GOVERNMENT OR THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM UNDER CHAPTER 11 OR ANY DEFERRED RETIREMENT OPTION PLAN OR SIMILAR PROGRAM ESTABLISHED BY A LOCAL GOVERNMENT THAT PROVIDES FOR THE COMMENCEMENT AND ACCUMULATION OF RETIREMENT BENEFIT PAYMENTS FOR ACTIVE EMPLOYEES WITH

1 DISBURSEMENT OF THE ACCUMULATED PAYMENTS AND INTEREST EARNINGS
2 AS A LUMP SUM UPON TERMINATION OF EMPLOYMENT.

3 "IROP PARTICIPANT." A RETIRED MEMBER OF A LOCAL GOVERNMENT-
4 DEFINED BENEFIT PENSION PLAN WHO IS ELIGIBLE TO PARTICIPATE IN
5 AN IROP UNDER SECTION 1112 AND WHO HAS ELECTED TO PARTICIPATE IN
6 AN IROP UNDER SECTION 1113.

7 "IROP PARTICIPANT ACCOUNT." A PENSION TRUST FUND LEDGER
8 ACCOUNT ESTABLISHED UNDER SECTION 1121(A).

9 "LOCAL GOVERNMENT." A MUNICIPALITY OR ANY COUNTY.

10 * * *

11 "MUNICIPAL EMPLOYEE." ANY PERSON [OTHER THAN AN INDEPENDENT
12 CONTRACTOR] WHO PROVIDES REGULAR SERVICES FOR A MUNICIPALITY IN
13 RETURN FOR COMPENSATION FROM THE MUNICIPALITY. THE TERM DOES NOT
14 INCLUDE AN INDEPENDENT CONTRACTOR OR AN IROP PARTICIPANT.

15 * * *

16 SECTION 3. SECTION 202(B) OF THE ACT, AMENDED DECEMBER 19,
17 1997 (P.L.611, NO. 61), IS AMENDED TO READ:

18 SECTION 202. CONTENTS OF ACTUARIAL VALUATION REPORT.

19 * * *

20 (B) CONTENTS OF ACTUARIAL EXHIBITS; DEFINED BENEFIT PLANS
21 SELF-INSURED IN WHOLE OR IN PART.--FOR ANY PENSION PLAN WHICH IS
22 A DEFINED BENEFIT PLAN AND WHICH IS SELF-INSURED IN WHOLE OR IN
23 PART, ALL APPLICABLE ACTUARIAL EXHIBITS SHALL BE PREPARED IN
24 ACCORDANCE WITH THE ENTRY AGE NORMAL ACTUARIAL COST METHOD WITH
25 ENTRY AGE ESTABLISHED AS THE ACTUAL ENTRY AGE FOR ALL PLAN
26 MEMBERS UNLESS THE MUNICIPALITY APPLIES FOR AND IS GRANTED
27 AUTHORIZATION BY THE COMMISSION TO USE AN ALTERNATIVE ACTUARIAL
28 COST METHOD. AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY
29 DEMONSTRATES ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE
30 COMPELLING REASONS OF AN ACTUARIAL NATURE FOR THE USE OF AN

1 ALTERNATIVE ACTUARIAL COST METHOD. THE COMMISSION SHALL ISSUE
2 RULES AND REGULATIONS SPECIFYING THE CRITERIA WHICH THE
3 COMMISSION WILL USE TO DETERMINE THE QUESTION OF THE EXISTENCE
4 OF COMPELLING REASONS FOR THE USE OF AN ALTERNATIVE ACTUARIAL
5 COST METHOD, THE DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE
6 AUTHORIZATION WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE
7 ALTERNATIVE ACTUARIAL COST METHODS WHICH THE COMMISSION MAY
8 AUTHORIZE. THE ACTUARIAL COST METHOD SHALL BE USED TO VALUE ALL
9 ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION PLAN UNLESS
10 THE MUNICIPALITY APPLIES FOR AND IS GRANTED AUTHORIZATION BY THE
11 COMMISSION TO USE APPROXIMATION TECHNIQUES OTHER THAN THE
12 ACTUARIAL COST METHOD FOR ASPECTS OF THE BENEFIT PLAN OR PLANS
13 OF THE PENSION PLAN OTHER THAN THE RETIREMENT BENEFIT.
14 AUTHORIZATION SHALL BE GRANTED IF THE MUNICIPALITY DEMONSTRATES
15 ON AN INDIVIDUAL PENSION PLAN BASIS THAT THERE ARE COMPELLING
16 REASONS OF AN ACTUARIAL NATURE FOR THE USE OF THESE
17 APPROXIMATION TECHNIQUES. THE COMMISSION SHALL ISSUE RULES AND
18 REGULATIONS SPECIFYING THE CRITERIA WHICH THE COMMISSION WILL
19 USE TO DETERMINE THE QUESTION OF THE EXISTENCE OF COMPELLING
20 REASONS FOR THE USE OF APPROXIMATION TECHNIQUES, THE
21 DOCUMENTATION WHICH A MUNICIPALITY SEEKING THE AUTHORIZATION
22 WILL BE REQUIRED TO SUPPLY AND THE ACCEPTABLE APPROXIMATION
23 TECHNIQUE WHICH THE COMMISSION MAY AUTHORIZE. THE ACTUARIAL
24 EXHIBITS SHALL USE ACTUARIAL ASSUMPTIONS WHICH ARE, IN THE
25 JUDGMENT OF THE ACTUARY AND THE GOVERNING BODY OF THE PLAN, THE
26 BEST AVAILABLE ESTIMATE OF FUTURE OCCURRENCES IN THE CASE OF
27 EACH ASSUMPTION. WITH RESPECT TO ECONOMIC ACTUARIAL ASSUMPTIONS,
28 THE ASSUMPTIONS SHALL EITHER BE WITHIN THE RANGE SPECIFIED IN
29 RULES AND REGULATIONS ISSUED BY THE COMMISSION OR DOCUMENTATION
30 EXPLAINING AND JUSTIFYING THE CHOICE OF ASSUMPTIONS OUTSIDE THE

1 RANGE SHALL ACCOMPANY THE REPORT. THE ACTUARIAL EXHIBITS SHALL
2 MEASURE ALL ASPECTS OF THE BENEFIT PLAN OR PLANS OF THE PENSION
3 PLAN IN ACCORDANCE WITH MODIFICATIONS IN THE BENEFIT PLAN OR
4 PLANS, IF ANY, AND SALARIES WHICH AS OF THE VALUATION DATE ARE
5 KNOWN OR CAN REASONABLY BE EXPECTED TO BE IN FORCE DURING THE
6 ENSUING PLAN YEAR. IN PREPARING THE ACTUARIAL EXHIBITS OR ANY
7 ACTUARIAL VALUATION REPORT, THE MUNICIPALITY SHALL EXCLUDE THE
8 COMPENSATION OF ALL IROP PARTICIPANTS FROM THE ACTIVE MEMBER
9 PAYROLL, ALL IROP PARTICIPANTS FROM ACTIVE MEMBER DATA AND THE
10 BALANCE IN THE IROP PARTICIPANT ACCOUNT FROM THE ASSETS OF THE
11 PENSION TRUST FUND. THE ACTUARIAL VALUATION REPORT SHALL CONTAIN
12 THE FOLLOWING ACTUARIAL EXHIBITS:

13 (1) AN EXHIBIT OF THE NORMAL COST OF THE BENEFITS
14 PROVIDED BY THE BENEFIT PLAN AS OF THE DATE OF THE ACTUARIAL
15 VALUATION, EXPRESSED AS A PERCENTAGE OF THE FUTURE COVERED
16 PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN AS OF
17 THE DATE OF THE ACTUARIAL VALUATION.

18 (2) AN EXHIBIT OF THE ACTUARIAL ACCRUED LIABILITY OF THE
19 BENEFIT PLAN AS OF THE DATE OF THE ACTUARIAL VALUATION IN
20 TOTAL WHICH SHALL BE THE ACTUARIAL PRESENT VALUE OF ALL
21 PROJECTED BENEFITS PROVIDED BY THE BENEFIT PLAN REDUCED BY
22 THE ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COSTS, AND IN
23 PARTICULAR, WHICH SHALL INCLUDE THE FOLLOWING REQUIRED
24 ACTUARIAL PRESENT VALUES FOR PENSION PLAN BENEFITS OF RELATED
25 ITEMS:

26 (I) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
27 ACTIVE MEMBERS:

28 (A) RETIREMENT BENEFITS.
29 (B) DISABILITY BENEFITS.
30 (C) SURVIVOR BENEFITS.

1 (D) REFUND LIABILITY DUE TO WITHDRAWAL FROM
2 ACTIVE SERVICE OR DEATH.

3 (E) OTHER BENEFITS, SPECIFYING THE NATURE OF
4 EACH TYPE.

5 THIS ITEM SHALL INCLUDE A FOOTNOTE INDICATING THE AMOUNT
6 OF ACCUMULATED MEMBER CONTRIBUTIONS WITHOUT ACCRUED
7 INTEREST.

8 (II) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
9 FORMER MEMBERS WITH A DEFERRED, VESTED OR OTHERWISE
10 NONFORFEITABLE RIGHT TO A RETIREMENT BENEFIT.

11 (III) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT
12 OF FORMER MEMBERS WHO DO NOT HAVE A DEFERRED, VESTED OR
13 OTHERWISE NONFORFEITABLE RIGHT TO THE RETIREMENT BENEFIT
14 AND WHO HAVE NOT WITHDRAWN ANY ACCUMULATED MEMBER
15 CONTRIBUTIONS.

16 (IV) REQUIRED ACTUARIAL PRESENT VALUES ON ACCOUNT OF
17 BENEFIT RECIPIENTS:

18 (A) RETIREMENT BENEFITS.

19 (B) DISABILITY BENEFITS.

20 (C) SURVIVING SPOUSE BENEFITS.

21 (D) SURVIVING CHILD BENEFITS.

22 (E) OTHER BENEFITS, SPECIFYING THE NATURE OF
23 EACH TYPE.

24 (V) REQUIRED ACTUARIAL PRESENT VALUES FOR OTHER
25 BENEFITS PROVIDED BY THE BENEFIT PLAN, SPECIFYING THE
26 NATURE OF EACH TYPE.

27 (VI) ACTUARIAL PRESENT VALUE OF FUTURE NORMAL COST.

28 (3) AN EXHIBIT OF THE UNFUNDED ACTUARIAL ACCRUED
29 LIABILITY OF THE PENSION PLAN IN TOTAL, WHICH SHALL BE THE
30 ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN CALCULATED

1 PURSUANT TO PARAGRAPH (2) LESS THE ACTUARIAL VALUE OF ASSETS
2 OF THE PENSION PLAN CALCULATED PURSUANT TO SUBSECTION (E)(1),
3 AND WHICH, IN PARTICULAR, SHALL INCLUDE THE FOLLOWING:

4 (I) THE REMAINING BALANCE OF THE UNFUNDED ACTUARIAL
5 ACCRUED LIABILITY IN EXISTENCE AS OF THE FIRST ACTUARIAL
6 VALUATION REPORT REQUIRED BY THIS SECTION OCCURRING NEXT
7 FOLLOWING THE DATE OF ENACTMENT OF THIS SECTION.

8 (II) THE REMAINING BALANCE OF EACH INCREMENT OF
9 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
10 MODIFICATIONS IN THE BENEFIT PLAN GOVERNING THE PENSION
11 PLAN WHICH WERE APPLICABLE TO ACTIVE MEMBERS, SEPARATELY
12 INDICATING EACH AND DESIGNATING EACH BY THE PLAN YEAR IN
13 WHICH THE BENEFIT PLAN MODIFICATION WAS MADE EFFECTIVE.

14 (III) THE REMAINING BALANCE OF EACH INCREMENT OF
15 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
16 MODIFICATIONS IN THE BENEFIT PLAN GOVERNING THE PENSION
17 PLAN WHICH WERE APPLICABLE TO RETIRED MEMBERS AND OTHER
18 BENEFIT RECIPIENTS, SEPARATELY INDICATING EACH AND
19 DESIGNATING EACH BY THE PLAN YEAR IN WHICH THE BENEFIT
20 PLAN MODIFICATION WAS MADE EFFECTIVE.

21 (IV) THE REMAINING BALANCE OF EACH INCREMENT OF NET
22 UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO
23 MODIFICATIONS IN THE ACTUARIAL ASSUMPTIONS USED TO
24 CALCULATE THE ACTUARIAL ACCRUED LIABILITY OF THE PENSION
25 PLAN SEPARATELY INDICATING EACH AND DESIGNATING EACH BY
26 THE PLAN YEAR IN WHICH THE ACTUARIAL ASSUMPTION
27 MODIFICATION WAS MADE EFFECTIVE.

28 (V) THE REMAINING BALANCE OF EACH INCREMENT OR
29 DECREMENT OF NET UNFUNDED ACTUARIAL ACCRUED LIABILITY
30 ATTRIBUTABLE TO NET ACTUARIAL EXPERIENCE LOSSES OR GAINS,

SEPARATELY INDICATING EACH AND DESIGNATING EACH BY THE
PLAN YEAR IN WHICH THE ACTUARIAL EXPERIENCE LOSS OR GAIN
WAS RECOGNIZED.

(VI) THE REMAINING BALANCE OF EACH INCREMENT OF
UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO THE
PROVISION OF SURVIVOR BENEFITS PAYABLE UNDER SECTION
5(E)(2) OF THE ACT OF MAY 29, 1956 (1955 P.L.1804,
NO.600), REFERRED TO AS THE MUNICIPAL POLICE PENSION LAW,
SEPARATELY INDICATING EACH AND DESIGNATING EACH BY THE
YEAR IN WHICH THE ACTUARIAL EXPERIENCE LOSS WAS
RECOGNIZED.

THE INITIAL DETERMINATION OF THE UNFUNDED ACTUARIAL ACCRUED
LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT PLAN
GOVERNING THE PENSION PLAN OR TO A MODIFICATION IN THE
ACTUARIAL ASSUMPTIONS USED TO CALCULATE THE ACTUARIAL ACCRUED
LIABILITY OF THE PENSION PLAN SHALL BE MADE BY CALCULATING
THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN
IN ACCORDANCE WITH THE BENEFIT PLAN PROVISIONS AND ACTUARIAL
ASSUMPTIONS WHICH WERE IN EFFECT PRIOR TO THE MODIFICATION
AND BY CALCULATING THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
OF THE PENSION PLAN IN ACCORDANCE WITH THE MODIFICATION IN
THE PROVISIONS OF THE BENEFIT PLAN GOVERNING THE PENSION PLAN
OR THE ACTUARIAL ASSUMPTIONS USED TO CALCULATE THE ACTUARIAL
ACCRUED LIABILITY OF THE PENSION PLAN, WHICHEVER IS
APPLICABLE, AND THE REMAINING BENEFIT PLAN PROVISIONS AND
ACTUARIAL ASSUMPTIONS. THE INITIAL DETERMINATION OF THE
UNFUNDED ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO AN
ACTUARIAL LOSS SHALL BE MADE IN CONJUNCTION WITH THE ANALYSIS
OF INCREASES OR DECREASES IN THE UNFUNDED ACTUARIAL ACCRUED
LIABILITY OF THE PENSION PLAN REQUIRED PURSUANT TO PARAGRAPH

1 (6).

2 (4) AN EXHIBIT OF ANY ADDITIONAL FUNDING COSTS
3 ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED ACTUARIAL
4 ACCRUED LIABILITY OF THE PENSION PLAN, INDICATING FOR EACH
5 INCREMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY SPECIFIED
6 IN PARAGRAPH (3), THE LEVEL ANNUAL DOLLAR CONTRIBUTION
7 REQUIRED TO PAY AN AMOUNT EQUAL TO THE ACTUARIAL ASSUMPTION
8 AS TO INVESTMENT EARNINGS APPLIED TO THE PRINCIPAL AMOUNT OF
9 THE REMAINING BALANCE OF THE INCREMENT OF UNFUNDED ACTUARIAL
10 ACCRUED LIABILITY AND TO RETIRE BY THE APPLICABLE
11 AMORTIZATION TARGET DATE SPECIFIED IN THIS PARAGRAPH THE
12 PRINCIPAL AMOUNT OF THE REMAINING BALANCE OF THE INCREMENT OF
13 UNFUNDED ACTUARIAL ACCRUED LIABILITY. THE AMORTIZATION TARGET
14 DATE APPLICABLE FOR EACH TYPE OF INCREMENT OF UNFUNDED
15 ACTUARIAL ACCRUED LIABILITY SHALL BE AS FOLLOWS:

16 (I) (A) IN THE CASE OF A PENSION PLAN ESTABLISHED
17 ON OR PRIOR TO JANUARY 1, 1985 FOR THE UNFUNDED
18 ACTUARIAL ACCRUED LIABILITY IN EXISTENCE AS OF THE
19 BEGINNING OF THE PLAN YEAR OCCURRING IN CALENDAR YEAR
20 1985, AT THE END OF THE PLAN YEAR OCCURRING IN
21 CALENDAR YEAR 2015; OR

22 (B) IN THE CASE OF A PENSION PLAN ESTABLISHED
23 AFTER JANUARY 1, 1985, FOR THE UNFUNDED ACTUARIAL
24 ACCRUED LIABILITY THEN OR SUBSEQUENTLY DETERMINED TO
25 BE OR TO HAVE BEEN IN EXISTENCE AS OF THE DATE OF THE
26 ESTABLISHMENT OF THE PLAN, AT THE END OF THE PLAN
27 YEAR OCCURRING 30 YEARS AFTER THE CALENDAR YEAR IN
28 WHICH THE PENSION PLAN WAS ESTABLISHED.

29 (II) INCREMENT OR DECREMENT OF NET UNFUNDED
30 ACTUARIAL ACCRUED LIABILITY ATTRIBUTABLE TO A CHANGE IN

1 ACTUARIAL ASSUMPTIONS, AT THE END OF THE PLAN YEAR
2 OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
3 ACTUARIAL ASSUMPTION MODIFICATION WAS EFFECTIVE.

4 (III) INCREMENT OF NET UNFUNDED ACTUARIAL ACCRUED
5 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
6 PLAN APPLICABLE TO ACTIVE MEMBERS, AT THE END OF THE PLAN
7 YEAR OCCURRING 20 YEARS AFTER THE CALENDAR YEAR IN WHICH
8 THE BENEFIT PLAN MODIFICATION WAS EFFECTIVE.

9 (IV) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
10 LIABILITY ATTRIBUTABLE TO A MODIFICATION IN THE BENEFIT
11 PLAN APPLICABLE TO RETIRED MEMBERS AND OTHER BENEFIT
12 RECIPIENTS, AT THE END OF THE PLAN YEAR OCCURRING 10
13 YEARS AFTER THE CALENDAR YEAR IN WHICH THE BENEFIT PLAN
14 MODIFICATION WAS EFFECTIVE.

15 (V) INCREMENT OR DECREMENT OF NET UNFUNDED ACTUARIAL
16 ACCRUED LIABILITY ATTRIBUTABLE TO AN ACTUARIAL EXPERIENCE
17 LOSS OR GAIN, AT THE END OF PLAN YEAR OCCURRING 15 YEARS
18 AFTER THE CALENDAR YEAR IN WHICH THE ACTUARIAL EXPERIENCE
19 LOSS OR GAIN WAS RECOGNIZED.

20 (VI) INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
21 LIABILITY ATTRIBUTABLE TO THE PROVISION OF SURVIVOR
22 BENEFITS PAYABLE UNDER SECTION 5(E)(2) OF THE MUNICIPAL
23 POLICE PENSION LAW AT THE END OF THE PLAN YEAR OCCURRING
24 40 YEARS AFTER THE CALENDAR YEAR IN WHICH THE SURVIVOR
25 BENEFITS WERE FIRST PAYABLE.

26 WITH RESPECT TO ANY APPLICABLE PENSION PLAN OTHER THAN A PLAN
27 WHICH COMPRISES ALL OR PART OF A MODERATELY DISTRESSED OR A
28 SEVERELY DISTRESSED MUNICIPAL PENSION SYSTEM, IF THE
29 REMAINING AVERAGE PERIOD BETWEEN THE CURRENT AVERAGE ATTAINED
30 AGE OF ACTIVE MEMBERS AS OF THE VALUATION DATE AND THE LATER

1 OF THEIR EARLIEST AVERAGE NORMAL RETIREMENT AGE OR THEIR
2 AVERAGE ASSUMED RETIREMENT AGE IS LESS THAN THE APPLICABLE
3 PERIOD OR PERIODS ENDING WITH THE AMORTIZATION TARGET DATE OR
4 DATES SPECIFIED IN SUBPARAGRAPH (I), (II), (III) OR (V), THE
5 APPROPRIATE AMORTIZATION TARGET DATE FOR THE APPLICABLE
6 SUBPARAGRAPH DETERMINED WITH REFERENCE TO THE LONGEST
7 APPLICABLE REMAINING AVERAGE PERIOD ROUNDED TO THE NEXT
8 LARGEST WHOLE NUMBER SHALL BE USED. WITH RESPECT TO ANY PLAN
9 YEAR BEGINNING AFTER DECEMBER 31, 1997, IF, AS OF THE
10 BEGINNING OF THE PLAN YEAR, THE RATIO OF THE ACTUARIAL VALUE
11 OF ASSETS TO THE ACTUARIAL ACCRUED LIABILITY EXCEEDS 0.70 AND
12 THE GOVERNING BODY OF THE MUNICIPALITY HAS PASSED A
13 RESOLUTION TO IRREVOCABLY COMMIT THE MUNICIPALITY TO APPLY
14 THE LIMIT ON THE ADDITIONAL FUNDING COSTS, AS PROVIDED
15 HEREIN, IN THE PREPARATION OF THE CURRENT AND ALL FUTURE
16 EXHIBITS UNDER THIS PARAGRAPH, THEN THE SUM OF THE ADDITIONAL
17 FUNDING COSTS FOR SUBPARAGRAPHS (I), (II), (III), (IV) AND
18 (V) ABOVE SHALL NOT EXCEED THE AMOUNT REQUIRED TO AMORTIZE
19 THE REMAINING UNFUNDED ACTUARIAL ACCRUED LIABILITY AS OF THE
20 BEGINNING OF THE PLAN YEAR OVER 10 YEARS IN LEVEL ANNUAL
21 DOLLAR CONTRIBUTIONS. THE EXHIBIT SHALL INDICATE THE TOTAL
22 DOLLAR AMOUNT OF ADDITIONAL FUNDING COSTS ASSOCIATED WITH THE
23 AMORTIZATION OF ANY UNFUNDED ACTUARIAL ACCRUED LIABILITY OF
24 THE PENSION PLAN APPLICABLE FOR THAT PLAN YEAR AND ANY
25 SUBSEQUENT PLAN YEAR OCCURRING PRIOR TO THE PREPARATION OF
26 THE NEXT REQUIRED ACTUARIAL VALUATION REPORT, WHICH SHALL BE
27 THE TOTAL OF THE ADDITIONAL FUNDING COSTS ASSOCIATED WITH THE
28 AMORTIZATION OF EACH INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
29 LIABILITY. THE EXHIBIT SHALL ALSO INDICATE THE PLAN YEAR IN
30 WHICH ANY UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE PENSION

1 PLAN WOULD BE FULLY AMORTIZED IF THE TOTAL ANNUAL ADDITIONAL
2 FUNDING COST CALCULATED PURSUANT TO THIS PARAGRAPH WERE MET
3 CONTINUOUSLY WITHOUT INCREASE OR DECREASE IN AMOUNT UNTIL THE
4 TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY CURRENTLY EXISTING
5 WAS FULLY AMORTIZED. IN CALCULATING THE ADDITIONAL FUNDING
6 COSTS ASSOCIATED WITH THE AMORTIZATION OF ANY UNFUNDED
7 ACTUARIAL ACCRUED LIABILITY OF THE PENSION PLAN IN ANY PLAN
8 YEAR, ANY AMORTIZATION CONTRIBUTION MADE IN THE INTERVAL
9 SINCE THE LAST ACTUARIAL VALUATION REPORT SHALL BE ALLOCATED
10 TO EACH TYPE OF INCREMENT OF UNFUNDED ACTUARIAL ACCRUED
11 LIABILITY IN PROPORTION TO THE REMAINING DOLLAR AMOUNT OF
12 EACH TYPE.

13 (5) AN EXHIBIT OF THE TOTAL ADMINISTRATIVE COST OF THE
14 PENSION PLAN FOR THE PLAN YEAR OCCURRING IMMEDIATELY PRIOR TO
15 THE PLAN YEAR FOR WHICH THE ACTUARIAL VALUATION REPORT IS
16 MADE.

17 (6) AN EXHIBIT CONTAINING AN ANALYSIS OF THE INCREASE OR
18 DECREASE IN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE
19 PENSION PLAN SINCE THE MOST RECENT PRIOR ACTUARIAL VALUATION
20 REPORT, INCLUDING SPECIFICALLY AN INDICATION OF INCREASES OR
21 DECREASES DUE TO THE FOLLOWING:

22 (I) MODIFICATIONS IN THE BENEFIT PLAN OR PLANS OF
23 THE PENSION PLAN.

24 (II) CHANGES IN ACTUARIAL ASSUMPTIONS.

25 (III) DEVIATIONS IN THE ACTUAL EXPERIENCE OF THE
26 PENSION PLAN FROM THE EXPERIENCE EXPECTED BY VIRTUE OF
27 THE ACTUARIAL ASSUMPTIONS.

28 (IV) PRESENCE OR ABSENCE OF PAYMENTS TO AMORTIZE THE
29 UNFUNDED ACCRUED LIABILITY OF THE PENSION PLAN.

30 (V) OTHER REASONS.

1 THE ANALYSIS SHALL BE BASED ON THE BEST PROFESSIONAL JUDGMENT
2 OF THE APPROVED ACTUARY REACHED AFTER PREPARING THE VARIOUS
3 APPLICABLE ACTUARIAL EXHIBITS OF THE ACTUARIAL VALUATION
4 REPORT. IF, IN THE OPINION OF THE APPROVED ACTUARY, THE
5 INCLUSION OF ANY PORTION OF THIS INFORMATION IS NOT
6 APPROPRIATE, THAT PORTION OF THE ANALYSIS MAY BE OMITTED WITH
7 THE PROVISION OF ADEQUATE EXPLANATION OR JUSTIFICATION OF THE
8 APPROPRIATENESS OF THE OMISSION.

9 (7) AN EXHIBIT SUMMARIZING THE ECONOMIC AND DEMOGRAPHIC
10 ACTUARIAL ASSUMPTIONS USED IN THE PREPARATION OF THE
11 ACTUARIAL EXHIBITS.

12 (8) A SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BENEFIT
13 PLAN OF THE PENSION PLAN UPON WHICH THE ACTUARIAL EXHIBITS
14 ARE BASED.

15 * * *

16 SECTION 4. THE ACT IS AMENDED BY ADDING A SECTION TO READ:
17 SECTION 209. CERTIFICATION OF MUNICIPAL PENSION COSTS.

18 THE COMMISSION SHALL DETERMINE ANNUALLY THE ACTUAL FINANCIAL
19 REQUIREMENT FOR EACH MUNICIPAL PENSION PLAN BASED ON THE DATA
20 CONTAINED IN THE MOST RECENT COMPLETE REPORT REQUIRED TO BE
21 FILED BY THE MUNICIPALITY PURSUANT TO THIS CHAPTER AND SHALL
22 CERTIFY ANNUALLY TO THE AUDITOR GENERAL THE ACTUAL FINANCIAL
23 REQUIREMENTS FOR EACH MUNICIPAL PENSION PLAN BASED ON THE DATA
24 CONTAINED IN THE MOST RECENT ACTUARIAL VALUATION REPORT REQUIRED
25 TO BE FILED BY THE MUNICIPALITY PURSUANT TO THIS CHAPTER. THE
26 AUDITOR GENERAL SHALL USE THE DATA CERTIFIED BY THE COMMISSION
27 TO IMPLEMENT THE PROVISIONS OF SECTION 402(F)(2).

28 SECTION 5. SECTION 302(B)(2) OF THE ACT, AMENDED DECEMBER
29 18, 1990 (P.L.753, NO.189), IS AMENDED TO READ:

30 SECTION 302. MINIMUM FUNDING STANDARD; DEFINED BENEFIT PLANS

1 SELF-INSURED IN WHOLE OR IN PART.

2 * * *

3 (B) FINANCIAL REQUIREMENTS OF THE PENSION PLAN.--

4 * * *

5 (2) THE NORMAL COST AND ADMINISTRATIVE EXPENSE
6 REQUIREMENTS FOR THE FOLLOWING PLAN YEAR SHALL BE EXPRESSED
7 AS A DOLLAR AMOUNT AND SHALL BE DETERMINED BY APPLYING THE
8 NORMAL COST OF THE BENEFIT PLAN AND THE ADMINISTRATIVE
9 EXPENSE PAYABLE FROM THE ASSETS ATTRIBUTABLE TO THE BENEFIT
10 PLAN, AS REPORTED IN THE ACTUARIAL VALUATION REPORT OF THE
11 PENSION PLAN AND EXPRESSED AS A PERCENTAGE OF PAYROLL, TO THE
12 PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN AS OF
13 THE DATE THE FINANCIAL REQUIREMENTS OF THE PENSION PLAN ARE
14 DETERMINED. IN EXPRESSING THE NORMAL COST AND ADMINISTRATIVE
15 EXPENSE REQUIREMENTS AS A DOLLAR AMOUNT, THE MUNICIPALITY
16 SHALL EXCLUDE THE COMPENSATION OF ALL IROP PARTICIPANTS FROM
17 THE PAYROLL OF THE ACTIVE MEMBERSHIP OF THE PENSION PLAN.

18 * * *

19 SECTION 6. SECTION 402(E)(2) OF THE ACT IS AMENDED TO READ:
20 SECTION 402. REVISION OF FINANCING FROM STATE REVENUE SOURCES;
21 GENERAL MUNICIPAL PENSION SYSTEM STATE AID
22 PROGRAM.

23 * * *

24 (E) ALLOCATION OF GENERAL MUNICIPAL PENSION SYSTEM STATE
25 AID.--

26 * * *

27 (2) THE APPLICABLE NUMBER OF UNITS SHALL BE ATTRIBUTABLE
28 TO EACH ACTIVE EMPLOYEE WHO WAS EMPLOYED ON A FULL-TIME BASIS
29 FOR A MINIMUM OF SIX CONSECUTIVE MONTHS PRIOR TO DECEMBER 31
30 PRECEDING THE DATE OF CERTIFICATION AND WHO WAS PARTICIPATING

1 IN A PENSION PLAN MAINTAINED BY THAT MUNICIPALITY, PROVIDED
2 THAT THE MUNICIPALITY MAINTAINS A GENERALLY APPLICABLE
3 PENSION PLAN FOR THAT TYPE OF EMPLOYEE WHICH WAS EITHER
4 ESTABLISHED ON OR PRIOR TO DECEMBER 31, 1984, OR, IF
5 ESTABLISHED AFTER DECEMBER 31, 1984, HAS BEEN MAINTAINED BY
6 THAT MUNICIPALITY FOR AT LEAST THREE PLAN YEARS. FOR THE
7 PURPOSE OF COMPUTING AND REPORTING THE APPLICABLE NUMBER OF
8 UNITS, AN IROP PARTICIPANT SHALL NOT BE REPORTED TO THE
9 AUDITOR GENERAL AS AN ACTIVE EMPLOYEE. THE APPLICABLE NUMBER
10 OF UNITS PER EMPLOYEE ATTRIBUTABLE TO EACH ELIGIBLE RECIPIENT
11 COUNTY OF THE SECOND CLASS SHALL BE TWO UNITS FOR EACH POLICE
12 OFFICER. THE APPLICABLE NUMBER OF UNITS ATTRIBUTABLE TO EACH
13 ELIGIBLE RECIPIENT CITY, BOROUGH, INCORPORATED TOWN AND
14 TOWNSHIP SHALL BE AS FOLLOWS:

15 (I) POLICE OFFICER - TWO UNITS.

16 (II) FIREFIGHTER - TWO UNITS.

17 (III) EMPLOYEE OTHER THAN POLICE OFFICER OR
18 FIREFIGHTER - ONE UNIT.

19 * * *

20 SECTION 7. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ:

21 CHAPTER 11

22 IN-SERVICE RETIREMENT OPTION PLANS LAW

23 SUBCHAPTER A

24 PRELIMINARY PROVISIONS

25 SECTION 1101. SHORT TITLE.

26 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE IN-
27 SERVICE RETIREMENT OPTION PLANS LAW.

28 SECTION 1102. DECLARATION OF PURPOSE.

29 IT IS THE PURPOSE OF THIS CHAPTER TO PROVIDE FOR AN IN-
30 SERVICE RETIREMENT OPTION PLAN UNDER WHICH AN ELIGIBLE MEMBER OF

1 THE LOCAL GOVERNMENT'S RETIREMENT SYSTEM MAY ELECT TO
2 PARTICIPATE IN AN IROP, DEFER RECEIPT OF RETIREMENT SYSTEM
3 BENEFITS AND CONTINUE EMPLOYMENT WITH THE LOCAL GOVERNMENT.
4 SECTION 1103. DEFINITIONS.

5 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
6 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
7 CONTEXT CLEARLY INDICATES OTHERWISE:

8 "NORMAL RETIREMENT BENEFIT." THE RETIREMENT BENEFIT PAYABLE
9 TO A MEMBER OF A DEFINED BENEFIT PENSION PLAN ON OR AFTER THE
10 DATE ON WHICH THE MEMBER FIRST SATISFIES THE AGE AND SERVICE
11 REQUIREMENTS FOR FULL, UNREDUCED RETIREMENT BENEFITS, INCLUDING
12 SUPPLEMENTAL AMOUNTS PROVIDED TO THE MEMBER AFTER RETIREMENT AS
13 COST-OF-LIVING INCREASES.

14 "SUBSIDIARY IROP PARTICIPANT ACCOUNT." THE SEPARATE,
15 INTEREST-BEARING, SUBSIDIARY IROP PARTICIPANT ACCOUNT
16 ESTABLISHED FOR AN IROP PARTICIPANT UNDER SECTION 1121.
17 SECTION 1104. EMPLOYMENT STATUS.

18 PARTICIPATION IN AN IROP DOES NOT GUARANTEE THE IROP
19 PARTICIPANT'S EMPLOYMENT BY THE LOCAL GOVERNMENT DURING THE
20 SPECIFIED PERIOD OF THE IROP.

21 SUBCHAPTER B

22 GENERAL PROVISIONS

23 SECTION 1111. ESTABLISHMENT OF IROP.

24 (A) LOCAL GOVERNMENTS.--A LOCAL GOVERNMENT THAT HAS
25 ESTABLISHED OR MAINTAINS A DEFINED BENEFIT PENSION PLAN FOR A
26 GROUP OF ITS EMPLOYEES WHICH IS SELF-INSURED IN WHOLE OR IN PART
27 UNDER SECTION 202(B), EXCEPT FOR A LOCAL GOVERNMENT THAT HAS
28 JOINED THE PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM, MAY
29 ESTABLISH BY ORDINANCE AN IROP FOR THOSE EMPLOYEES AS PART OF
30 THE PENSION PLAN. THE ORDINANCE ESTABLISHING THE IROP SHALL

1 SPECIFY A UNIFORM PARTICIPATION PERIOD FOR THE IROP THAT IS NOT
2 MORE THAN FIVE YEARS IN DURATION.

3 (B) PMRS PARTICIPANTS.--A LOCAL GOVERNMENT THAT HAS
4 ESTABLISHED OR MAINTAINS A DEFINED BENEFIT PLAN FOR A GROUP OF
5 ITS EMPLOYEES WHICH IS SELF-INSURED IN WHOLE OR IN PART UNDER
6 SECTION 202(B) AND HAS JOINED THE PENNSYLVANIA MUNICIPAL
7 RETIREMENT SYSTEM MAY ESTABLISH AN IROP FOR THOSE EMPLOYEES AS A
8 PART OF THE PENSION PLAN ONLY THROUGH PARTICIPATION IN THE IROP
9 ESTABLISHED AND ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL
10 RETIREMENT SYSTEM.

11 (C) PMRS STANDARDS.--THE PENNSYLVANIA MUNICIPAL RETIREMENT
12 BOARD SHALL ESTABLISH AN IROP FOR LOCAL GOVERNMENT-DEFINED
13 BENEFIT PENSION PLANS THAT HAVE JOINED THE PENNSYLVANIA
14 MUNICIPAL RETIREMENT SYSTEM. THE IROP SO ESTABLISHED SHALL BE
15 UNIFORM, IN COMPLIANCE WITH THE PROVISIONS OF THIS CHAPTER, OPEN
16 TO ANY LOCAL GOVERNMENT AND APPLICABLE TO ANY OF THE DEFINED
17 BENEFIT PENSION PLANS ADMINISTERED BY THE PENNSYLVANIA MUNICIPAL
18 RETIREMENT SYSTEM.

19 SECTION 1112. ELIGIBILITY OF MEMBER TO PARTICIPATE IN IROP.

20 AN ACTIVE MEMBER OF A LOCAL GOVERNMENT RETIREMENT SYSTEM THAT
21 HAS AN IROP AS A PART OF ITS DEFINED BENEFIT PENSION PLAN WHO IS
22 ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE PENSION PLAN
23 OR WILL BE ELIGIBLE FOR A NORMAL RETIREMENT BENEFIT UNDER THE
24 PENSION PLAN PRIOR TO PARTICIPATION IN THE IROP IS ELIGIBLE TO
25 PARTICIPATE IN THE IROP BY FILING A WRITTEN APPLICATION WITH THE
26 RETIREMENT SYSTEM AT LEAST 30 DAYS BEFORE THE MEMBER'S EFFECTIVE
27 DATE OF RETIREMENT.

28 SECTION 1113. PARTICIPATION IN IROP.

29 (A) ELECTION BY AN ACTIVE MEMBER.--AN ELIGIBLE ACTIVE MEMBER
30 MAY ELECT TO PARTICIPATE IN AN IROP FOR THE PERIOD SPECIFIED IN

1 THE ORDINANCE ESTABLISHING THE IROP.

2 (B) IROP PARTICIPATION ELECTION.--UPON DECIDING TO
3 PARTICIPATE IN AN IROP, A MEMBER SHALL SUBMIT ON FORMS PROVIDED
4 AND REQUIRED BY THE RETIREMENT SYSTEM:

5 (1) A BINDING AND IRREVOCABLE LETTER OF RESIGNATION FROM
6 REGULAR EMPLOYMENT WITH THE LOCAL GOVERNMENT THAT DISCLOSES
7 THE MEMBER'S INTENT TO RETIRE AND SPECIFIES THE MEMBER'S
8 RETIREMENT DATE.

9 (2) AN IRREVOCABLE WRITTEN ELECTION TO PARTICIPATE IN
10 THE IROP THAT:

11 (I) DETAILS AN IROP PARTICIPANT'S RIGHTS AND
12 OBLIGATIONS UNDER THE IROP.

13 (II) INCLUDES AN AGREEMENT TO FORGO:

14 (A) ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

15 (B) ANY GROWTH IN THE SALARY BASE USED FOR
16 CALCULATING THE REGULAR RETIREMENT BENEFIT.

17 (C) ANY ADDITIONAL BENEFIT ACCRUAL FOR
18 RETIREMENT PURPOSES.

19 (III) SPECIFIES THE EFFECTIVE DATE OF IROP
20 PARTICIPATION THAT SHALL BE THE DAY AFTER THE SPECIFIED
21 RETIREMENT DATE.

22 (IV) SPECIFIES THE IROP TERMINATION DATE THAT
23 SATISFIES THE LIMITATION IN SUBSECTION (A).

24 (3) ANY OTHER INFORMATION REQUIRED BY THE RETIREMENT
25 SYSTEM.

26 (C) IROP TERMINATION.--

27 (1) AN IROP PARTICIPANT MAY CHANGE THE IROP TERMINATION
28 DATE TO AN EARLIER DATE WITHIN THE LIMITATIONS OF SUBSECTION
29 (A). NO PENALTY SHALL BE IMPOSED FOR EARLY TERMINATION OF
30 IROP PARTICIPATION.

1 (2) UPON EITHER EARLY OR REGULAR TERMINATION OF IROP
2 PARTICIPATION:

3 (I) THE IROP PARTICIPANT SHALL BE SEPARATED FROM
4 EMPLOYMENT BY THE LOCAL GOVERNMENT.

5 (II) THE RETIREMENT SYSTEM SHALL PAY THE BALANCE IN
6 THE IROP PARTICIPANT'S SUBSIDIARY IROP PARTICIPANT
7 ACCOUNT TO THE TERMINATING IROP PARTICIPANT AS PROVIDED
8 IN SECTION 1114(D).

9 (III) THE IROP PARTICIPANT SHALL BE INELIGIBLE TO
10 REENROLL IN THE IROP THEREAFTER EVEN IF THE FORMER IROP
11 PARTICIPANT IS REEMPLOYED BY THE LOCAL GOVERNMENT WITH
12 RENEWED ACTIVE MEMBERSHIP IN THE RETIREMENT SYSTEM.

13 SECTION 1114. BENEFITS PAYABLE UNDER IROP.

14 (A) FIXING RETIREMENT BENEFIT, RETIREMENT DATE, RETIREMENT
15 BENEFITS AND IROP DATES.-- EFFECTIVE WITH THE DATE OF
16 RETIREMENT, WHICH SHALL BE THE DAY BEFORE THE EFFECTIVE DATE OF
17 IROP PARTICIPATION, THE MEMBER'S MONTHLY, NORMAL RETIREMENT
18 BENEFIT UNDER THE PENSION PLAN, THE MEMBER'S EFFECTIVE DATE OF
19 RETIREMENT AND THE MEMBER'S EFFECTIVE DATES OF BEGINNING AND
20 TERMINATING EMPLOYMENT AS AN IROP PARTICIPANT SHALL BE FIXED.

21 (B) EFFECTIVE DATES OF IROP PARTICIPATION.--

22 (1) A RETIRED MEMBER'S EFFECTIVE DATE OF PARTICIPATION
23 IN AN IROP SHALL BEGIN THE DAY FOLLOWING THE EFFECTIVE DATE
24 OF THE MEMBER'S REGULAR RETIREMENT.

25 (2) A RETIRED MEMBER'S PARTICIPATION IN AN IROP SHALL
26 END ON THE LAST DAY OF THE PARTICIPATION PERIOD SPECIFIED IN
27 THE ORDINANCE ESTABLISHING THE IROP THAT IS IN EFFECT ON THE
28 EFFECTIVE DATE OF THE RETIRED MEMBER'S PARTICIPATION IN THE
29 IROP.

30 (C) TREATMENT OF NORMAL RETIREMENT BENEFIT PAYMENTS AND

1 ACCRUALS.--ALL OF THE RETIRED MEMBER'S MONTHLY, NORMAL
2 RETIREMENT BENEFIT AND INTEREST THEREON AT THE ASSIGNED RATE
3 SHALL BE CREDITED TO THE IROP PARTICIPANT'S SUBSIDIARY IROP
4 PARTICIPANT ACCOUNT IN THE PENSION TRUST FUND AND A SEPARATE
5 ACCOUNTING OF THE IROP PARTICIPANT'S ACCRUED BENEFIT
6 ACCUMULATION UNDER THE IROP SHALL BE CALCULATED ANNUALLY AND
7 PROVIDED TO THE IROP PARTICIPANT.

8 (D) PAYMENT OF IROP BENEFITS.--ON THE EFFECTIVE DATE OF AN
9 IROP PARTICIPANT'S TERMINATION OF EMPLOYMENT WITH THE LOCAL
10 GOVERNMENT AS AN IROP PARTICIPANT, PARTICIPATION IN THE IROP
11 SHALL CEASE AND THE RETIREMENT SYSTEM SHALL CALCULATE AND PAY TO
12 THE PARTICIPANT THE PARTICIPANT'S TOTAL ACCUMULATED IROP
13 BENEFITS IN THE IROP PARTICIPANT'S SUBSIDIARY IROP PARTICIPANT
14 ACCOUNT SUBJECT TO THE FOLLOWING PROVISIONS:

15 (1) EXCEPT AS PROVIDED IN PARAGRAPH (2), THE TERMINATING
16 IROP PARTICIPANT OR, IF DECEASED, THE PARTICIPANT'S NAMED
17 BENEFICIARY SHALL ELECT ON A FORM PROVIDED BY THE RETIREMENT
18 SYSTEM TO RECEIVE PAYMENT OF THE IROP BENEFITS IN ACCORDANCE
19 WITH ONE OF THE FOLLOWING OPTIONS:

20 (I) THE BALANCE IN THE IROP PARTICIPANT'S SUBSIDIARY
21 IROP PARTICIPANT ACCOUNT LESS WITHHOLDING TAXES, IF ANY,
22 REMITTED TO THE INTERNAL REVENUE SERVICE SHALL BE PAID
23 WITHIN 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
24 TO THE IROP PARTICIPANT OR SURVIVING BENEFICIARY.

25 (II) THE BALANCE IN THE IROP PARTICIPANT'S
26 SUBSIDIARY IROP PARTICIPANT ACCOUNT SHALL BE PAID WITHIN
27 45 DAYS BY THE RETIREMENT SYSTEM FROM THE ACCOUNT
28 DIRECTLY TO THE CUSTODIAN OF AN ELIGIBLE RETIREMENT PLAN
29 AS DEFINED IN SECTION 402(C)(8)(B) OF THE INTERNAL
30 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET

1 SEQ.) , OR, IN THE CASE OF AN ELIGIBLE ROLLOVER
2 DISTRIBUTION TO THE SURVIVING SPOUSE OF A DECEASED IROP
3 PARTICIPANT, AN ELIGIBLE RETIREMENT PLAN THAT IS AN
4 INDIVIDUAL RETIREMENT ACCOUNT OR AN INDIVIDUAL RETIREMENT
5 ANNUITY AS DESCRIBED IN SECTION 402(C)(9) OF THE INTERNAL
6 REVENUE CODE.

7 (2) IF THE IROP PARTICIPANT OR BENEFICIARY FAILS TO
8 ELECT A METHOD OF PAYMENT WITHIN 60 DAYS AFTER THE
9 PARTICIPANT'S TERMINATION DATE, THE RETIREMENT SYSTEM SHALL
10 PAY THE BALANCE AS A LUMP SUM AS PROVIDED IN PARAGRAPH (1).

11 (3) THE FORM OF PAYMENT SELECTED BY THE IROP PARTICIPANT
12 OR SURVIVING BENEFICIARY SHALL COMPLY WITH THE MINIMUM
13 DISTRIBUTION REQUIREMENTS OF THE INTERNAL REVENUE CODE.

14 (E) TAXATION, ATTACHMENT AND ASSIGNMENT OF IROP
15 PARTICIPANT'S ACCOUNT.--

16 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),
17 THE RIGHT OF AN IROP PARTICIPANT TO ANY BENEFIT OR RIGHT
18 ACCRUED OR ACCRUING UNDER THE PROVISIONS OF THIS CHAPTER AND
19 THE MONEYS IN THE IROP PARTICIPANT'S SUBSIDIARY IROP
20 PARTICIPANT ACCOUNT ARE EXEMPT FROM ANY STATE OR MUNICIPAL
21 TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT, SPOUSE'S
22 ELECTION OR ANY OTHER PROCESS WHATSOEVER.

23 (2) RIGHTS UNDER THIS CHAPTER SHALL BE SUBJECT TO
24 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,
25 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.
26 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER
27 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS
28 THAT ANY IROP PARTICIPANT OTHERWISE WOULD RECEIVE UNDER THIS
29 CHAPTER.

30 (3) RIGHTS UNDER THIS CHAPTER SHALL BE SUBJECT TO

1 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN A
2 QUALIFIED DOMESTIC RELATIONS ORDER.

3 (4) UNDER SUBSECTION (D)(1)(II), A DISTRIBUTE MAY ELECT
4 TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN
5 ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR
6 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE" INCLUDES AN IROP
7 PARTICIPANT, AN IROP PARTICIPANT'S DESIGNATED BENEFICIARY AND
8 AN IROP PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE PAYEE
9 UNDER A QUALIFIED DOMESTIC RELATIONS ORDER. FOR PURPOSES OF
10 THIS PARAGRAPH, "ELIGIBLE ROLLOVER DISTRIBUTION" HAS THE
11 MEANING GIVEN THE TERM BY SECTION 402(F)(2)(A) OF THE
12 INTERNAL REVENUE CODE, EXCEPT THAT A QUALIFIED TRUST SHALL BE
13 CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE
14 DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION AND, IN THE CASE
15 OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,
16 AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT
17 ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS
18 ARE DEFINED IN SECTION 408(A) AND (B) OF THE INTERNAL REVENUE
19 CODE.

20 (F) EFFECT OF DISABILITY PENSION BENEFITS.--IF AN IROP
21 PARTICIPANT BECOMES ELIGIBLE FOR A DISABILITY PENSION BENEFIT
22 AND TERMINATES EMPLOYMENT, THE MONTHLY NORMAL RETIREMENT BENEFIT
23 OF THE IROP PARTICIPANT SHALL TERMINATE.

24 (G) ELIGIBILITY FOR ACTIVE MEMBER BENEFITS.--EXCEPT FOR
25 THOSE BENEFITS SPECIFIED UNDER SECTION 1113(B)(2)(II) AS FORGONE
26 BY THE MEMBER, AN IROP PARTICIPANT SHALL BE ELIGIBLE FOR ANY
27 EMPLOYEE BENEFITS PROVIDED TO ACTIVE EMPLOYEES BEFORE RETIREMENT
28 AS SET FORTH IN THE ORDINANCE INSTITUTING THE IROP.

29 (H) ELIGIBILITY FOR BENEFITS OTHERWISE PROVIDED BY LAW.--AN
30 IROP PARTICIPANT SHALL BE ELIGIBLE FOR ALL PRERETIREMENT

1 BENEFITS FOR EMPLOYEES OTHERWISE PROVIDED BY LAW, INCLUDING, BUT
2 NOT LIMITED TO, BENEFITS UNDER THE ACT OF JUNE 2, 1915 (P.L.736,
3 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT; THE ACT OF JUNE
4 28, 1935 (P.L.477, NO.193), REFERRED TO AS THE ENFORCEMENT
5 OFFICER DISABILITY BENEFITS LAW; THE ACT OF DECEMBER 5, 1936
6 (2ND SP.SESS., 1937 P.L.2897, NO.1), KNOWN AS THE UNEMPLOYMENT
7 COMPENSATION LAW; THE ACT OF JUNE 24, 1976 (P.L.424, NO.101),
8 REFERRED TO AS THE EMERGENCY AND LAW ENFORCEMENT PERSONNEL DEATH
9 BENEFITS ACT; AND THE PUBLIC SAFETY OFFICERS' BENEFIT ACT OF
10 1976 (PUBLIC LAW 94-430, 42 U.S.C. § 90 STAT. 1347).

11 SECTION 1115. DEATH BENEFITS UNDER IROP.

12 (A) IROP BENEFITS FOR NAMED BENEFICIARY.--IF AN IROP
13 PARTICIPANT DIES, THE IROP PARTICIPANT'S NAMED BENEFICIARY SHALL
14 BE ENTITLED TO APPLY FOR AND RECEIVE THE BENEFITS ACCRUED IN THE
15 IROP PARTICIPANT'S SUBSIDIARY IROP PARTICIPANT ACCOUNT AS
16 PROVIDED IN SECTION 1114(D).

17 (B) FINAL CREDITED MONTHLY RETIREMENT BENEFIT.--THE MONTHLY
18 RETIREMENT SYSTEM BENEFIT ACCRUED IN THE IROP PARTICIPANT'S
19 SUBSIDIARY IROP PARTICIPANT ACCOUNT DURING THE MONTH OF AN IROP
20 PARTICIPANT'S DEATH SHALL BE THE FINAL MONTHLY RETIREMENT SYSTEM
21 BENEFIT CREDITED FOR IROP PARTICIPATION.

22 (C) IROP ELIGIBILITY TERMINATES UPON PARTICIPANT'S DEATH.--
23 AN IROP PARTICIPANT'S ELIGIBILITY TO PARTICIPATE IN THE IROP
24 TERMINATES UPON THE DEATH OF THE IROP PARTICIPANT. IF AN IROP
25 PARTICIPANT DIES ON OR AFTER THE EFFECTIVE DATE OF PARTICIPATION
26 IN THE IROP BUT BEFORE THE MONTHLY RETIREMENT SYSTEM BENEFIT OF
27 THE PARTICIPANT ACCRUABLE FOR THE MONTH HAS ACCRUED IN THE IROP
28 PARTICIPANT'S SUBSIDIARY IROP PARTICIPANT ACCOUNT, THE LOCAL
29 GOVERNMENT SHALL PAY THE MONTHLY RETIREMENT SYSTEM BENEFITS AS
30 THOUGH THE PARTICIPANT HAD NOT ELECTED IROP PARTICIPATION AND

1 HAD DIED AFTER THE MEMBER'S EFFECTIVE DATE OF RETIREMENT BUT
2 BEFORE RECEIPT OF THE RETIRED MEMBER'S FIRST REGULAR RETIREMENT
3 BENEFIT.

4 (D) SURVIVORS INELIGIBLE FOR ACTIVE MEMBER'S DEATH
5 BENEFIT.--EXCEPT AS PROVIDED IN SUBSECTION (E), THE SURVIVORS OF
6 AN IROP PARTICIPANT WHO DIES SHALL NOT BE ELIGIBLE TO RECEIVE
7 RETIREMENT SYSTEM DEATH BENEFITS PAYABLE IN THE EVENT OF THE
8 DEATH OF AN ACTIVE MEMBER.

9 (E) IROP PARTICIPANT KILLED IN SERVICE.--IF OTHERWISE
10 QUALIFIED AS A FAMILY MEMBER UNDER THE ACT OF MAY 29, 1956 (1955
11 P.L.1804, NO.600), REFERRED TO AS THE MUNICIPAL POLICE PENSION
12 LAW, THE NAMED BENEFICIARY OF AN IROP PARTICIPANT WHO IS KILLED
13 IN SERVICE SHALL BE ENTITLED TO APPLY FOR AND RECEIVE A
14 RECALCULATION FOR PAYMENT OF SURVIVOR BENEFITS AT 100% OF THE
15 IROP PARTICIPANT'S SALARY AS FIXED AT THE PARTICIPANT'S DATE OF
16 RETIREMENT.

17 SECTION 1116. SUBSEQUENT EMPLOYMENT AND RENEWAL OF ACTIVE
18 MEMBERSHIP.

19 AFTER BOTH THE TERMINATION OF THE IROP PARTICIPANT'S
20 EMPLOYMENT AS AN IROP PARTICIPANT BY THE LOCAL GOVERNMENT AND
21 THE EXPIRATION OF THE IROP PARTICIPATION PERIOD, A FORMER IROP
22 PARTICIPANT SHALL BE SUBJECT TO SUCH REEMPLOYMENT LIMITATIONS AS
23 OTHER RETIRED MEMBERS AND SHALL BE ELIGIBLE FOR RENEWED
24 MEMBERSHIP AS AN ACTIVE MEMBER IN THE LOCAL GOVERNMENT
25 EMPLOYEES' RETIREMENT SYSTEM.

26 SUBCHAPTER C

27 ADMINISTRATIVE PROVISIONS

28 SECTION 1121. IROP PARTICIPANT ACCOUNT.

29 (A) GENERAL RULE.--IF A LOCAL GOVERNMENT CREATES AN IROP, IT
30 SHALL ESTABLISH AN IROP PARTICIPANT ACCOUNT AS AN INTEREST-

1 BEARING LEDGER ACCOUNT IN ITS PENSION TRUST FUND. THE ACCOUNT
2 BALANCE SHALL BE ACCOUNTED FOR SEPARATELY BUT NEED NOT BE
3 PHYSICALLY SEGREGATED FROM OTHER PENSION TRUST FUND ASSETS.

4 (B) SUBSIDIARY IROP PARTICIPANT ACCOUNTS.--A SEPARATE
5 INTEREST-BEARING SUBSIDIARY IROP PARTICIPANT ACCOUNT SHALL BE
6 ESTABLISHED FOR EACH IROP PARTICIPANT. WHILE A RETIRED MEMBER IS
7 EMPLOYED AS AN IROP PARTICIPANT, THE MEMBER'S MONTHLY, NORMAL
8 RETIREMENT BENEFIT AND INTEREST THEREON SHALL BE CREDITED TO THE
9 IROP PARTICIPANT'S SUBSIDIARY IROP PARTICIPANT ACCOUNT UNDER
10 SECTION 1114(C). THE INTEREST SHALL BE COMPOUNDED AND CREDITED
11 MONTHLY AT AN ANNUAL RATE SPECIFIED IN THE ORDINANCE
12 ESTABLISHING THE IROP THAT SHALL BE NOT LESS THAN 1% NOR MORE
13 THAN 4 1/2%.

14 (C) TERMINATION OF EMPLOYMENT.--WHEN AN IROP PARTICIPANT
15 TERMINATES EMPLOYMENT WITH THE LOCAL GOVERNMENT AS AN IROP
16 PARTICIPANT, THE IROP PARTICIPANT'S TOTAL ACCUMULATED BENEFITS
17 SHALL BE CALCULATED, CHARGED TO THE IROP PARTICIPANT ACCOUNT AND
18 PAID OUT OF THE PENSION TRUST FUND UNDER SECTION 1114(D). UNDER
19 SECTION 202(B), THE BALANCE IN THE IROP PARTICIPANT ACCOUNT
20 SHALL BE EXCLUDED FROM ACTUARIAL VALUATION REPORTS OF THE
21 RETIREMENT SYSTEM PREPARED AND FILED UNDER THIS ACT.

22 (D) ACCOUNT HELD IN TRUST.--THE IROP PARTICIPANT ACCOUNT
23 SHALL BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF IROP RETIRED
24 MEMBERS WHO ARE OR WERE IROP PARTICIPANTS AND FOR THE
25 BENEFICIARIES OF THE MEMBERS.

26 SECTION 1122. AUDIT OF PENNSYLVANIA MUNICIPAL RETIREMENT
27 SYSTEM.

28 THE IROP ESTABLISHED BY THE PENNSYLVANIA MUNICIPAL RETIREMENT
29 BOARD SHALL BE SUBJECT TO FINANCIAL AND COMPLIANCE AUDITS
30 CONDUCTED BY THE AUDITOR GENERAL WITH THE INITIAL AUDIT

1 CONDUCTED WITHIN ONE YEAR OF ITS ESTABLISHMENT.

2 SECTION 1123. EXISTING IROPS.

3 A LOCAL GOVERNMENT WITH AN IROP IN EXISTENCE ON THE EFFECTIVE
4 DATE OF THIS CHAPTER THAT DOES NOT CONFORM TO THE PROVISIONS OF
5 THIS CHAPTER SHALL AMEND ITS PLAN WITHIN 180 DAYS OF THE
6 EFFECTIVE DATE OF THIS CHAPTER OR WHEN THE CURRENT LABOR-
7 MANAGEMENT CONTRACT CREATING THE PLAN EXPIRES, WHICHEVER IS
8 LATER, TO CONFORM WITH THE PROVISIONS OF THIS CHAPTER WITH
9 RESPECT TO FUTURE IROP PARTICIPANTS.

10 SECTION 1124. NONCOMPLIANCE.

11 IF A LOCAL GOVERNMENT THAT ESTABLISHED AN IROP UNDER SECTION
12 1111(A) OR THE PENNSYLVANIA MUNICIPAL RETIREMENT BOARD THAT
13 ESTABLISHED AN IROP UNDER SECTION 1111(C) FAILS TO COMPLY WITHIN
14 90 DAYS WITH A FINDING BY THE AUDITOR GENERAL OF NONCOMPLIANCE
15 WITH THIS CHAPTER OR IF THE FINDING IS APPEALED WITHIN 90 DAYS
16 OF CONCLUSION OF THE APPEAL PROCESS, THE FAILURE TO COMPLY SHALL
17 BE DEEMED SUFFICIENT REFUSAL BY THE LOCAL GOVERNMENT OR THE
18 PENNSYLVANIA MUNICIPAL RETIREMENT BOARD TO COMPLY WITH ITS DUTY
19 ANTECEDENT TO THE COMMENCEMENT OF A MANDAMUS ACTION AND THE
20 AUDITOR GENERAL SHALL REFER THE FINDING TO THE ATTORNEY GENERAL.
21 UPON RECEIPT OF THE FINDING FROM THE AUDITOR GENERAL, THE
22 ATTORNEY GENERAL, FOLLOWING AN ADMINISTRATIVE PROCEEDING IN
23 ACCORDANCE WITH 2 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND
24 PROCEDURE), SHALL PROCEED IN THE NAME OF THE COMMONWEALTH TO
25 INSTITUTE A LEGAL PROCEEDING FOR MANDAMUS AND NO OTHER REMEDY AT
26 LAW SHALL BE DEEMED TO BE SUFFICIENTLY ADEQUATE AND APPROPRIATE
27 TO BAR THE COMMENCEMENT OF THIS ACTION.

28 SECTION 8. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.