

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 590**Session of
1971

INTRODUCED BY MESSRS. STONE, LUTTY, DeMEDIO, KAHLE AND
FOOR, MARCH 29, 1971

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 22, 1971

AN ACT

1 Providing for the creation, maintenance and operation of a
2 county employes' retirement system, and imposing certain
3 charges on counties and providing penalties.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short Title.--This act shall be known and may be
7 cited as the "County Pension Law."

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

9 (1) "Board" means the County Retirement Board created by
10 this act.

11 (2) "County employe" means any person, whether elected or
12 appointed, who is employed by the county, the county institution
13 district, in the county prison or in any other institution
14 maintained by the county from county moneys, or who is employed
15 by any county or State official and paid by such official from
16 moneys appropriated by the county for such purpose, whose salary
17 or compensation is paid in regular periodic installments or from
18 fees collected by his office, but shall not, except as hereafter

1 provided, include any person paid on a per diem basis, nor shall
2 it include any person to the extent that the total of the salary
3 and fees exceed the highest salary paid to any elected county
4 official.

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

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

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

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

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

19 (8) "Original member" means a member who was a county
20 employe on the date of establishment of the retirement system in
21 the county.

22 (9) "New member" means a member who shall have become a
23 member of the retirement system after the establishment of the
24 retirement system in said county.

25 (10) "Superannuation retirement age" means sixty years of
26 age or upwards, except as applied to a contributor who has
27 completed twenty years of total service, in which case
28 superannuation retirement age means fifty-five years of age or
29 upwards.

30 (11) "Final salary" means the average annual salary received

1 by the contributor for the three highest years of service in the
2 employment of the county, or in the event a member has not
3 served ~~three~~ FIVE years, the total salary received divided by ←
4 the number of years served.

5 (12) "Regular interest" means interest at the rate of four
6 per cent compounded annually.

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

9 (14) "Member's annuity" means payments for life or during
10 disability derived from contributions made by the contributor.

11 (15) "Retirement allowance" means the county annuity plus
12 the member's annuity.

13 (16) "Vesting" means the right of a contributor who
14 separates from service after having completed eight or more
15 years of credited service to leave accumulated deductions
16 credited to his account in the fund and upon reaching
17 superannuation retirement age receive a superannuation
18 retirement allowance.

19 Section 3. Applicability.--The provisions of this act shall
20 apply to each county of the second class A, third class, fourth
21 class, fifth class, sixth class, seventh class and eighth class
22 which has or hereafter may establish a county employes'
23 retirement system.

24 Section 4. County Retirement System; County Retirement
25 Board.--(a) A retirement system may be established for county
26 employes by resolution of the county commissioners in any county
27 of the second class A, third class, fourth class, fifth class,
28 sixth class, seventh class and eighth class. The retirement
29 system shall be established on the first Monday of January of
30 the year succeeding the one in which the resolution of the

1 county commissioners was adopted.

2 (b) The system, when established, shall be administered by a
3 county retirement board, consisting of five members, three of
4 whom shall be the county commissioners, the county controller
5 and the county treasurer. In counties having no elected county
6 controller, the chief clerk of the county shall be a member of
7 the board. The chairman of the board of county commissioners
8 shall be chairman of the board. Each member of the board shall
9 take an oath of office that he will diligently and honestly
10 administer the affairs of the board, and that he will not
11 knowingly violate or permit to be violated any of the provisions
12 of this act. Such oath shall be subscribed by the member taking
13 it, and shall be filed among the records of the board. The
14 members of the board shall not receive any compensation for
15 their services, but shall be reimbursed for all expenses
16 necessarily incurred in the performance of their duty. Three
17 members of the board shall constitute a quorum.

18 Section 5. Personnel; Administrative Expenses.--The board
19 may appoint and fix the compensation of an actuary. The county
20 controller or the chief clerk of the county, as the case may be,
21 shall be the secretary of the board. In counties having an
22 optional form of government, the board shall appoint a
23 secretary. The compensation of the secretary shall be fixed by
24 the salary board or council, as the case may be. The secretary
25 shall keep a record of all of the proceedings of the board,
26 which record shall be open to inspection by the public.

27 The expense of the administration of this act, exclusive of
28 the payment of retirement allowances, shall be paid by the
29 county by appropriations made on the basis of estimates
30 submitted by the board.

1 Section 6. Rules and Regulations; Actuarial Data.--The board
2 shall, from time to time, establish such rules and regulations
3 for meetings of the board and for the administration of the
4 fund, and the various accounts thereof, as may be deemed
5 necessary. It shall keep such data as shall be necessary for
6 actuarial valuation purposes. The actuary of the board shall (i)
7 periodically make an actuarial investigation into the mortality
8 and service experience of the contributors to and beneficiaries
9 of the fund, (ii) adopt for the retirement system one or more
10 mortality tables, and (iii) certify to the board annually the
11 amount of appropriation to be made by the county to the fund to
12 build up and maintain adequate reserves for the payment of the
13 county's share of the retirement allowances.

14 Section 7. County Employees' Retirement Fund; Transfers
15 Between Classes.--There is hereby created in each county of the
16 second class A, third class, fourth class, fifth class, sixth
17 class, seventh class, and eighth class, in which a retirement
18 system has been established, a County Employees' Retirement Fund
19 which shall consist of all moneys arising from appropriations
20 made by the county and from contributions made by the members of
21 the County Employees' Retirement System and all interest earned
22 by the investments of moneys of the fund. The moneys contributed
23 by the county shall be credited to a county annuity reserve
24 account; and, those contributed by the members shall be credited
25 to a member's annuity reserve account. Upon the granting of a
26 retirement allowance to any contributor, whether as a
27 superannuation retirement allowance, an involuntary retirement
28 allowance or a total disability retirement allowance, the amount
29 of the contributor's accumulated deductions in the members'
30 annuity reserve account shall lose their status as accumulated

1 contributions and shall be transferred to a retired members'
2 reserve account. Regular interest shall be credited up to the
3 date of retirement, death or withdrawal, to the members' annuity
4 and county annuity and retired members' reserve accounts. Where
5 a contributor separates from county service with vesting,
6 regular interest shall be credited to all accumulated deductions
7 credited to his account in the fund to the date on which he
8 attains his superannuation retirement age. The actuary shall
9 determine the present value of the liability on account of all
10 county annuities payable to original members and the percentage
11 of such liability which shall be contributed by the county each
12 year over a period of fifteen years from the time the system is
13 established until the accumulated reserve equals the present
14 value of said liability. All such contributions shall be
15 credited to the county annuity reserve account. The actuary
16 shall also determine the amount which shall be contributed by
17 the county into the fund periodically for credit to the county
18 annuity reserve account on account of service of all new and
19 original members subsequent to the time the retirement system is
20 established.

21 Each member of the retirement system shall be required to
22 contribute to the fund such per cent of his salary determined as
23 follows:

- | | | |
|----|-----------------|----|
| 24 | (1) Class 1-120 | 5% |
| 25 | (2) Class 1-100 | 6% |
| 26 | (3) Class 1-80 | 7% |
| 27 | (4) Class 1-70 | 8% |
| 28 | (5) Class 1-60 | 9% |

29 Each member may elect to contribute an additional amount not
30 exceeding ten per cent more than the percentage herein required.

1 The contributions shall be paid into the fund through payroll
2 deductions in such manner as the board may require. All
3 contributions including optional additional payments by members
4 shall be credited to the members' annuity reserve account.

5 The board may at any time, by rule, authorize members of the
6 retirement system, whether original or new members, to transfer
7 from the one-one hundred twentieth class, or from the one-one
8 hundredth class, to the one-eightieth class, to the one-
9 seventieth class, or to the one-sixtieth class. Whenever such
10 transfers are authorized, salary deductions applicable to the
11 transferred members shall be based upon the per cent of salary
12 deduction applicable while in each class.

13 Section 8. Custody of Fund; Payments.--All moneys and
14 securities in the fund shall be placed in the custody of the
15 county treasurer for safekeeping; and, all payments from the
16 fund shall be made only on requisition signed by the chairman
17 and secretary of the board.

18 Section 9. Management and Investment of Fund.--The members
19 of the board shall be trustees of the fund, and shall have
20 exclusive management of the fund with full power to invest the
21 moneys therein subject to the terms, conditions, limitations and
22 restrictions imposed by law upon fiduciaries. Subject to like
23 terms, conditions, limitations and restrictions, the trustees
24 shall have power to hold, purchase, sell, assign, transfer or
25 dispose of any of the securities and investments in the funds,
26 as well as the proceeds of investments and of the moneys
27 belonging to the fund.

28 The board shall annually allow regular interest on the mean
29 amount for the preceding year to the credit of each of the
30 accounts. The amount so allowed shall be credited to each

1 contributor's account.

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

22 Section 11. County Guarantee; Annual Budgets.--The regular
23 interest charges payable, the creation and maintenance of the
24 necessary reserves for the payment of the county and members'
25 annuities in accordance with this act, and the additional
26 retirement benefits, are hereby made obligations of the county.
27 The board shall prepare and submit to the county commissioners,
28 on or before the first day of November of each year, an itemized
29 estimate of the amounts necessary to be appropriated by the
30 county to complete the payment of the obligations of the county

1 during the next fiscal year.

2 Section 12. Service Allowance.--In computing the length of
3 service of a contributor for retirement purposes, full credit
4 shall be given to each original member for each year of service
5 rendered to the county prior to January first of the year the
6 retirement system was established. This shall include the
7 services of a county official whose compensation was in the form
8 of fees collected by his office, and shall also include the
9 services of employes paid directly by such county official out
10 of such fees. Full credit shall also be given for each year of
11 service of a contributor who was a per diem employe of the
12 county for a period of at least five years prior to the time the
13 system became effective and who averaged at least two hundred
14 days of employment in each of such years. As soon as
15 practicable, the board shall issue to each original member a
16 certificate certifying the aggregate length of his service prior
17 to January first of the year the retirement system was
18 established. Such certificate shall be final and conclusive as
19 to his prior service, unless thereafter modified by the board
20 upon application of the member. The board may also give credit
21 to any person who was a county employe for each year that he was
22 employed for at least two hundred days per year on a per diem
23 basis for the purpose of the computation of his retirement
24 credit upon payment by the employe of the amount which the board
25 determines should have been his contribution during such period.
26 Such payment may be made in installments over a period fixed by
27 the board. The time during which a member is absent from service
28 without pay may be counted in computing the service of a
29 contributor, if allowed by the county commissioners and approved
30 by the board and if the employe pays both his personal

1 contribution and the county's contribution into the fund based
2 upon the contributions made the year immediately preceding the
3 leave of absence.

4 Section 13. Credit for Military Service; Payments into Fund;
5 Reimbursement.--Any county employe who, on or after September
6 16, 1940 has been employed by the county for a period of six
7 months and who, on or subsequent to such date, shall have
8 enlisted or been inducted into the military service of the
9 United States in time of war, armed conflict or national
10 emergency, so proclaimed by the President or the Congress of the
11 United States, shall have credited to his employment record, for
12 retirement benefits, all of the time spent by him in such
13 military service during the continuance of such war, armed
14 conflict or national emergency; and, such payments as were
15 heretofore or shall hereafter be required to be made during such
16 period by such county employe into the fund shall be paid into
17 the fund by the county. Any employes who have made payments into
18 the fund for which payments the county is liable shall be
19 reimbursed by the county to the full extent of such payments, or
20 be given credit towards future employe payments.

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 at the one-one hundred
25 twentieth rate bears to the total time of contribution and as
26 the time he contributed at any other rate herein provided for
27 bears to the total time of contribution.

28 Section 15. Options on Superannuation Retirement.--At the
29 time of his superannuation retirement, any retiree may elect to
30 receive either his retirement allowance payable throughout life,

1 or to receive the full amount of the accumulated deductions
2 standing to his individual credit in the members' annuity
3 reserve account at the time of his voluntary or involuntary
4 retirement, or he may in any event elect to receive the
5 actuarial equivalent of his member's and county annuity in a
6 lesser retirement allowance payable throughout life with
7 provisions that:

8 (1) Option One. If he dies before receiving in payments the
9 present value of his member's annuity and county annuity as it
10 was at the time of his retirement, the balance shall be paid to
11 his legal representative or to a person or persons having an
12 insurable interest in his life, as he shall nominate by written
13 designation, duly acknowledged and filed with the board at the
14 time of his retirement or at any time thereafter.

15 (2) Option Two. Upon his death his member's annuity and
16 county annuity shall be continued through the life of and paid
17 to such person having an insurable interest in his life as he
18 shall nominate by written designation, duly acknowledged and
19 filed with the board at the time of his retirement.

20 (3) Option Three. Upon his death one-half of his member's
21 and county annuity shall be continued through the life of and
22 paid to such person having an insurable interest in his life as
23 he shall nominate by written designation, duly acknowledged and
24 filed with the board at the time of his retirement.

25 Should a retiree select a retirement allowance payable
26 throughout his life and fail to receive payments at least equal
27 to his accumulated deductions as of the date of retirement, an
28 amount equal to the balance of his accumulated deductions shall
29 be paid to his legal representative or to a person having an
30 insurable interest in his life, as he shall nominate by written

1 designation filed with the board.

2 Section 16. Involuntary Retirement Allowance; Voluntary
3 Retirement Allowance after Twenty Years of Service.--Should a
4 contributor be discontinued from service not voluntarily, or an
5 elected county officer complete his term of office and
6 discontinue service after having completed eight years of total
7 service, or voluntarily after having completed twenty years of
8 total service but before reaching superannuation retirement age,
9 except as herein provided for certain contributors who have
10 completed twenty years of total service, he shall be paid as he
11 may elect, as follows:

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

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

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

12 Any contributor who has completed twenty years of total
13 service and who has reached the superannuation retirement age
14 shall be entitled to the superannuation retirement allowance
15 provided in section 14.

16 Section 17. Retirement as of Time of Death.--Any contributor
17 who would be entitled to a retirement allowance because of being
18 involuntarily retired after having completed ten years of total
19 service, or by reason of having reached superannuation
20 retirement age may file with the board a written application for
21 retirement in the form required for such application, but
22 requesting that such retirement shall become effective as of the
23 time of his death, electing Option One or Option Two provided in
24 section 15 and nominating a beneficiary under the option.

25 In all such cases, the application shall be held by the board
26 until the contributor shall file a later application in the
27 usual manner for retirement, or until the death of the
28 contributor occurring while in county service at which time his
29 retirement shall become effective with the same benefits to the
30 designated beneficiary as if the contributor had retired on the

1 day of death.

2 Section 18. Retirement While in County Service.--Any
3 contributor who is or was entitled to a retirement allowance
4 because of being involuntarily retired after having completed
5 ten years of total service or by reason of having reached
6 superannuation retirement age and who shall die while in county
7 service before filing with the board a written application for
8 retirement, or has died and whose payments into the fund have
9 not been withdrawn, shall be considered as having elected Option
10 One as of the date of his death. In such event, payment under
11 Option One shall be made to the beneficiary designated in the
12 nomination of beneficiary form on file with the board. If the
13 beneficiary has predeceased the contributor, payment under
14 Option One shall be made to the legal representative of the
15 contributor.

16 Section 19. Additional Retirement Benefits.--In addition to
17 the retirement allowance, the board may grant to retired
18 employes insurance or other similar benefits that the county has
19 granted to other county employes.

20 Section 20. Total Disability Retirement Allowance.--If a
21 contributor after five years of service as a county employe and
22 before reaching superannuation retirement age is disabled while
23 in service and is unable to continue as a county employe, as
24 shown by medical examination, he shall be paid a retirement
25 allowance consisting of a county annuity of twenty-five per cent
26 of his final salary which shall include the member's annuity
27 calculated in accordance with section 14.

28 Section 21. Payment of Balances Where Disability Annuitant
29 Dies.--Should a person receiving a disability retirement
30 allowance die before receiving total payments equal to the

1 amount standing to his credit in the members' annuity reserve
2 account at the time of retirement, there shall be paid to his
3 estate or beneficiary the difference between such credit and the
4 total payments received.

5 Section 22. Monthly Payments of Retirement Allowances.--The
6 retirement allowances granted under the provisions of this act
7 shall be paid in equal monthly installments and shall not be
8 increased, decreased, revoked or repealed, except as otherwise
9 provided in this act. This section shall not be construed to
10 prohibit the board from granting to retired employes insurance
11 or other similar benefits granted to other county employes.

12 Section 23. Refunds.--(a) Where a contributor terminates
13 service before qualifying for a retirement allowance or where a
14 contributor has died before completing ten years of total
15 service, the amount standing to the credit of the contributor in
16 the members' annuity reserve account shall be paid to him or his
17 estate or to the person or persons named in any beneficiary
18 certificate filed by the contributor with the board. When a
19 contributor or a beneficiary has died and there shall be due to
20 the estate of such contributor or beneficiary a sum less than
21 one hundred dollars (\$100), and letters testamentary or of
22 administration have not been taken out on the estate of such
23 contributor or beneficiary within six months of death, the board
24 may pay the amount due on the claim of the undertaker or to any
25 person or persons or political subdivision who or which shall
26 have paid the claim of the undertaker.

27 (b) Where a contributor terminates service after completing
28 eight years of service, he may elect to have the board pay to
29 him the amount standing to his credit in the members' annuity
30 reserve account or, elect vesting and keep his accumulated

1 deductions in the members' annuity reserve account and apply for
2 retirement benefits upon reaching superannuation retirement age.

3 Section 24. Simultaneous Payments of Salary and Retirement
4 Allowance.--Should a retiree receiving a retirement allowance be
5 reemployed by the county as a salaried employe or as an elected
6 official, the retirement allowance of such person shall
7 immediately cease. Such person shall thereupon be reinstated as
8 a contributor; and, there shall be restored to his credit as
9 accumulated deductions the actuarial value of his member's
10 annuity computed as of the date of his reemployment. Should he
11 refuse to surrender his right to retirement allowance as of the
12 date of his reemployment, it shall be unlawful for the county to
13 reemploy him. For the purposes of this section if a person
14 serves as a juror, master, or arbitrator or is employed on a per
15 diem basis for thirty days or less per year he shall not be
16 deemed reemployed, but if employed on a per diem basis for more
17 than thirty days a year the retirement allowance shall cease
18 during the additional service.

19 Section 25. Subsequent Admissions to Retirement System.--Any
20 county officer whose term of office began after the
21 establishment of the retirement system and who did not become a
22 member of the retirement system when his term of office began,
23 shall be permitted to become a member of the retirement system
24 at any time and shall receive a retirement allowance based upon
25 service as a county employe rendered after such date of
26 membership; however, if membership is consummated within one
27 year from the beginning of such term of office and such sums as
28 would have been deducted from his salary had he become a member
29 at the time of the commencement of such term of office shall
30 have been paid into the retirement system, he shall thereupon

1 become entitled to all the rights and privileges in the
2 retirement system as would have been vested in him had he become
3 a member and contributor at the time his term of office began.

4 Any county officer who has not become a member of the
5 retirement system but who was employed as an elected officer
6 prior to January first of the year that the retirement system
7 was established and who held such office at the time that the
8 retirement system was established and has continuously held such
9 office, shall be permitted to become a member of the retirement
10 system, shall be known as an original member, and shall receive
11 full credit for each year of service rendered by him prior to
12 January first of the year the retirement system was established
13 and for each year of service rendered by him thereafter, if such
14 county officer shall contribute to the fund the amount which he
15 would have contributed if he had become a member of the
16 retirement system when it was established; in which event, the
17 county shall contribute to his credit in the fund the amount it
18 would have contributed if he had become a member of the
19 retirement system when it was established; and, he shall
20 thereupon become entitled to all the rights and privileges in
21 the retirement system as would have vested in him had he become
22 a member and contributor at the time the retirement system was
23 established.

24 Section 26. Reinstatement on Return to County Employment.--
25 Any contributor separated from county employment by dismissal,
26 resignation, or any other reason, except retirement, or any
27 county officer having legally withdrawn from the retirement
28 system, who returns to county employment and restores to the
29 fund to the credit of the members' annuity reserve account his
30 accumulated deductions as they were at the time of separation,

1 shall have the annuity rights forfeited by him restored.
2 Payments may be made either in a lump sum or by installments;
3 but, in no event shall the installments be less than sufficient
4 to pay such amount by the time the member attains superannuation
5 retirement age.

6 Section 27. Exemption from Taxation and Execution, Etc.--The
7 right to a member's annuity, or a county annuity, or to the
8 return of contributions, shall be exempt from any State or
9 municipal tax and from levy, sale, garnishment, attachment or
10 any other process whatsoever and shall be unassignable, except
11 for any indebtedness due the county or the institution district
12 arising out of embezzlement or fraudulent conversion by a member
13 of the fund against the respective county or the institution
14 district of which the same member is employed.

15 Section 28. Fraud; Correction of Errors.--Any person who
16 shall knowingly make any false statement, or shall falsify or
17 permit to be falsified, any record or records of the retirement
18 system herein established in any attempt to defraud such system,
19 shall be guilty of a misdemeanor, and, upon conviction thereof,
20 shall be sentenced to pay a fine not exceeding one thousand
21 dollars (\$1,000), or undergo imprisonment not exceeding one
22 year, or both.

23 Should any such change in records fraudulently made, or any
24 mistake in records inadvertently made, result in any contributor
25 or beneficiary receiving more or less than he would have been
26 entitled to had the records been correct, on the discovery of
27 the error, the board shall correct the error, and shall adjust
28 the payments which shall be made to the contributor or annuitant
29 in such manner that the actuarial equivalent of the benefit to
30 which he was correctly entitled shall be paid.

1 Section 29. Designation of Deposit Administrator.--The board
2 shall be permitted to contract with any insurance company which
3 has qualified and is authorized by the Insurance Department of
4 the Commonwealth of Pennsylvania to transact business in the
5 Commonwealth of Pennsylvania, or with any bank or trust company
6 approved by the Department of Banking of the Commonwealth of
7 Pennsylvania, to be designated as a deposit administrator. The
8 deposit administrator may be given the power to administer the
9 funds in its entirety, including the power to receive and invest
10 all moneys deposited in the fund and such other powers as are
11 vested in the board. In addition to the options provided in the
12 act upon retirement, disability withdrawal or death of a
13 contributor, the deposit administrator, if an insurance company,
14 may provide additional options to the contributors or
15 beneficiaries.

16 Section 30. Supplemental Benefits.--(a) Every member who is
17 in receipt of a member's annuity shall receive annually a cost-
18 of-living increase which shall be the product of the retirement
19 allowance determined at the time of retirement and prior to
20 optional modification or minimum allowance and the following
21 percentages as determined by the calendar year in which
22 retirement became effective:

1	Year of	Percentage	Year of	Percentage
2	Retirement	Factor	Retirement	Factor
3	1938	136%	1953	23%
4	1939	135%	1954	23%
5	1940	134%	1955	22%
6	1941	122%	1956	20%
7	1942	100%	1957	16%
8	1943	89%	1958	14%
9	1944	86%	1959	12%
10	1945	82%	1960	10%
11	1946	68%	1961	9%
12	1947	47%	1962	8%
13	1948	37%	1963	7%
14	1949	37%	1964	6%
15	1950	36%	1965	4%
16	1951	26%	1966	1%
17	1952	24%		

18 (b) The cost-of-living increase shall be reviewed at least
19 once in every three years by the board which may adjust the
20 percentages in accordance with cost-of-living index at the time
21 of review.

22 Section 31. Saving Clause.--(a) This act shall not impair or
23 affect any act done, offense committed, or right accruing,
24 accrued, or acquired, or liability, duty, obligation, penalty,
25 judgment or punishment incurred under the provisions of any
26 prior act providing for the creation, maintenance and operation
27 of a county employes' retirement system.

28 (b) The provisions of all acts which are repealed by this
29 act shall be considered as remaining continuously in force so
30 far as concerns all rights vested and accrued, and liabilities,

1 duties and obligations incurred under such provisions before the
2 effective date of this act.

3 Section 32. Repeals.--The following acts and parts of acts
4 are repealed absolutely:

5 (1) The act of June 4, 1937 (P.L.1625), entitled "An act
6 providing for the creation, maintenance and operation of a
7 county employes retirement system in counties of the third
8 class; and imposing certain charges on counties."

9 (2) The act of July 8, 1941 (P.L.298), known as the "Fourth
10 Class County Retirement Law."

11 (3) The act of August 5, 1941 (P.L.803), entitled, as
12 amended, "An act providing for the creation, maintenance and
13 operation of a county employes' retirement system in counties of
14 the fifth, sixth, seventh and eighth class; imposing certain
15 charges on counties, and prescribing penalties."

16 (4) Section 1717, act of July 28, 1953 (P.L.723), known as
17 the "Second Class County Code."

18 Section 33. Effective Date.--This act shall take effect
19 immediately.