
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 964 Session of
2015

INTRODUCED BY MCGINNIS, BLOOM, DIAMOND, EVERETT, GABLER,
GILLESPIE, GROVE, JAMES, KAUFFMAN, METCALFE, ROAE, SACCONI,
SAYLOR, TRUITT AND WARD, APRIL 14, 2015

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 14, 2015

AN ACT

1 Amending the act of August 31, 1971 (P.L.398, No.96), entitled
2 "An act providing for the creation, maintenance and operation
3 of a county employees' retirement system, and imposing certain
4 charges on counties and providing penalties," providing for
5 Independent Defined Contribution Retirement Savings Program;
6 and making editorial changes.

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

9 Section 1. The act of August 31, 1971 (P.L.398, No.96),
10 known as the County Pension Law, is amended by adding a chapter
11 heading to read:

12 CHAPTER 1

13 PRELIMINARY PROVISIONS

14 Section 2. Section 1 of the act is renumbered to read:

15 Section [1] 101. Short Title.--This act shall be known and
16 may be cited as the "County Pension Law."

17 Section 3. The act is amended by adding a chapter heading to
18 read:

19 CHAPTER 3

1 COUNTY EMPLOYEES' RETIREMENT SYSTEM AND FUND

2 Section 4. Section 2 of the act, amended December 20, 1983
3 (P.L.282, No.75), November 21, 1990 (P.L.551, No.136) and
4 December 16, 2003 (P.L.236, No.43), is renumbered and amended to
5 read:

6 Section [2] 301. Definitions.--As used in this [act]
7 chapter:

8 (1) "Board" means the County Retirement Board created by
9 this [act] chapter.

10 (2) "County employe" means any person, whether elected or
11 appointed, who is employed by the county, the county institution
12 district, in the county prison or in any other institution
13 maintained by the county from county moneys, or who is employed
14 by any county or State official and paid by such official from
15 moneys appropriated by the county for such purpose, whose salary
16 or compensation is paid in regular periodic installments or from
17 fees collected by his office, but shall not, except as hereafter
18 provided, include any person employed after the effective date
19 of this [act] chapter on a part-time basis.

20 (2.1) "Part-time" means employment with the expectation of
21 completing less than 1000 hours of service during the 12-month
22 period beginning on the first day of employment and each
23 succeeding 12-month period thereafter.

24 (3) "Fund" means the County Employes' Retirement Fund
25 created by this [act] chapter.

26 (4) "Accumulated deductions" means the total of pickup
27 contributions and the amounts deducted from the salary of a
28 contributor and paid into the fund and standing to the credit of
29 the members' annuity reserve account, together with the regular
30 interest thereon.

1 (4.1) "Compensation" means pickup contributions plus
2 remuneration received as a county employe excluding refunds for
3 expenses, contingency and accountable expense allowances and
4 excluding severance payments or payments for unused vacation or
5 sick leave.

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

9 (6) "Retiree" means any person in receipt of a retirement
10 allowance under this [act] chapter.

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

14 (8) "Original member" means a member who was a county
15 employe on the date of establishment of the retirement system in
16 the county.

17 (9) "New member" means a member who shall have become a
18 member of the retirement system after the establishment of the
19 retirement system in said county.

20 (10) "Superannuation retirement age" means sixty years of
21 age or upwards, except as applied to a contributor who has
22 completed twenty years of total service, in which case
23 superannuation retirement age means fifty-five years of age or
24 upwards.

25 (11) "Final salary" means the average annual compensation
26 received by the contributor for the three highest years of
27 service in the employment of the county, or in the event a
28 member has not served five years, the total compensation
29 received divided by the number of years served.

30 (12) "Regular interest" means interest at the rate of four

1 per cent compounded annually, except as established by the board
2 for member contributions.

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

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

8 (14.1) "Pickup contributions" means regular member
9 contributions which are made by the county on behalf of county
10 employes for current service in accordance with section [7(c)]
11 306(c).

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

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

19 Section 5. Sections 3 and 4 of the act are renumbered and
20 amended to read:

21 Section [3] 302. Applicability.--The provisions of this
22 [act] chapter shall apply to each county of the second class A,
23 third class, fourth class, fifth class, sixth class, seventh
24 class and eighth class which has or hereafter may establish a
25 county employes' retirement system.

26 Section [4] 303. County Retirement System; County Retirement
27 Board.--(a) A retirement system may be established for county
28 employes by resolution of the county commissioners in any county
29 of the second class A, third class, fourth class, fifth class,
30 sixth class, seventh class and eighth class. The retirement

1 system shall be established on the first Monday of January of
2 the year succeeding the one in which the resolution of the
3 county commissioners was adopted.

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

20 Section 6. Section 5 of the act, amended November 21, 1990
21 (P.L.551, No.136), is renumbered and amended to read:

22 Section [5] 304. Personnel; Administrative Expenses.--The
23 board may appoint and fix the compensation of an actuary. The
24 county controller or the chief clerk of the county, as the case
25 may be, shall be the secretary of the board. In counties having
26 an optional form of government, the board shall appoint a
27 secretary. The compensation of the secretary shall be fixed by
28 the salary board or council, as the case may be. The secretary
29 shall keep a record of all of the proceedings of the board,
30 which record shall be open to inspection by the public.

1 The expense of the administration of this [act] chapter,
2 exclusive of the payment of retirement allowances, shall be paid
3 by the county by appropriations made on the basis of estimates
4 submitted by the board. However, such administrative expenses
5 may from year to year be paid from the fund unless it is
6 determined by the actuary that such payment will impair the
7 actuarial soundness of the fund.

8 Section 7. Section 6 of the act, amended June 22, 1978
9 (P.L.495, No.74), is renumbered to read:

10 Section [6] 305. Rules and Regulations; Actuarial Data.--The
11 board shall, from time to time, establish such rules and
12 regulations for meetings of the board and for the administration
13 of the fund, and the various accounts thereof, as may be deemed
14 necessary. The board may, by January 31 of each year, determine
15 the rate of regular interest to be allowed member contribution
16 accounts for the current calendar year, such rate of regular
17 interest not to be less than four per cent nor more than five
18 and one-half per cent per year. It shall keep such data as shall
19 be necessary for actuarial valuation purposes. The actuary of
20 the board shall (i) periodically make an actuarial investigation
21 into the mortality and service experience of the contributors to
22 and beneficiaries of the fund, (ii) adopt for the retirement
23 system one or more mortality tables, and (iii) certify to the
24 board annually the amount of appropriation to be made by the
25 county to the fund to build up and maintain adequate reserves
26 for the payment of the county's share of the retirement
27 allowances.

28 Section 8. Section 7 of the act, amended December 20, 1983
29 (P.L.282, No.75), November 21, 1990 (P.L.551, No.136) and
30 November 29, 2006 (P.L.1560, No.174), is renumbered and amended

1 to read:

2 Section [7] 306. County Employees' Retirement Fund; Transfers
3 Between Classes.--(a) There is hereby created in each county of
4 the second class A, third class, fourth class, fifth class,
5 sixth class, seventh class, and eighth class, in which a
6 retirement system has been established, a County Employees'
7 Retirement Fund which shall consist of all moneys arising from
8 appropriations made by the county, from contributions made by
9 the members of the County Employees' Retirement System and from
10 pickup contributions and all interest earned by the investments
11 of moneys of the fund. The moneys contributed by the county
12 shall be credited to a county annuity reserve account; and those
13 contributed by the members and pickup contributions shall be
14 credited to a member's annuity reserve account. Upon the
15 granting of a retirement allowance to any contributor, whether
16 as a superannuation retirement allowance, an involuntary
17 retirement allowance or a total disability retirement allowance,
18 the amount of the contributor's accumulated deductions in the
19 members' annuity reserve account shall lose their status as
20 accumulated contributions and shall be transferred to a retired
21 members' reserve account. Regular interest shall be credited up
22 to the date of retirement, death or withdrawal, to the members'
23 annuity and county annuity and retired members' reserve
24 accounts. Where a contributor separates from county service with
25 vesting, regular interest shall be credited to all accumulated
26 deductions credited to his account in the fund to the date on
27 which he attains his superannuation retirement age. The actuary
28 shall determine the present value of the liability on account of
29 all county annuities payable to original members and the
30 percentage of such liability which shall be contributed by the

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

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

- | | | |
|----|-----------------|----|
| 13 | (1) Class 1-120 | 5% |
| 14 | (2) Class 1-100 | 6% |
| 15 | (3) Class 1-80 | 7% |
| 16 | (4) Class 1-70 | 8% |
| 17 | (5) Class 1-60 | 9% |

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

1 contributions made prior to the implementation of this
2 subsection. The county on or before January 31 of each year
3 shall, at the time when the income and withholding information
4 required by law is furnished to each county employe, also
5 furnish the amount of the pickup contribution made on the
6 employe's behalf. Upon the effective date of the implementation
7 of this subsection, the county shall pick up the required
8 contributions by an equal reduction in the compensation of the
9 member.

10 (d) Each member may elect to contribute an additional amount
11 not exceeding ten per cent more than the percentage herein
12 required. The contributions shall be paid into the fund through
13 payroll deductions in such manner as the board may require.

14 (e) The board may at any time, by rule, authorize members of
15 the retirement system, whether original or new members, to
16 individually elect to reduce the contribution to any of the
17 percentages required herein for any class lower than the class
18 otherwise designated by the board as applicable to the
19 retirement system to which the member belongs. Any such election
20 shall in no way affect the calculation of the county annuity
21 portion of the member's retirement allowance as provided in
22 section 14, which county annuity portion shall be calculated as
23 though the member had not made that election.

24 (f) All contributions including optional additional payments
25 by members shall be credited to the members' annuity reserve
26 account.

27 (g) The board may at any time, by rule, authorize members of
28 the retirement system, whether original or new members, to
29 transfer from the one-one hundred twentieth class, or from the
30 one-one hundredth class, to the one-eightieth class, to the one-

1 seventieth class, or to the one-sixtieth class. Whenever such
2 transfers are authorized, salary deductions or pickup
3 contributions applicable to the transferred members shall be
4 based upon the per cent of salary deduction applicable while in
5 each class, notwithstanding the provisions of subsection (e).

6 (h) (1) This subsection applies to members of the
7 retirement system who were employed by the county for any time
8 period after December 31, 1971, and before January 1, 1997, and
9 who transferred from a one-eightieth class to a one-sixtieth
10 class on January 1, 1997.

11 (2) The board may, by rule, authorize the one-sixtieth class
12 to be applied retroactively to the employe's credit service or
13 any portion thereof.

14 (3) Whenever the board has, by rule, authorized the members
15 of the retirement system to make a transfer described in this
16 subsection, the county annuity shall be calculated in accordance
17 with section [14(c)] 315(c) with the one-sixtieth class.
18 Notwithstanding the provisions of section [14(c)] 315(c), if the
19 board adopts the retroactivity provision in paragraph (2), the
20 county annuity for all periods of service shall be calculated at
21 the one-sixtieth class rate.

22 (4) The board may adopt rules pursuant to this subsection
23 until June 30, 2007.

24 Section 9. Section 7.1 of the act, amended November 29, 2006
25 (P.L.1560, No.174), is renumbered and amended to read:

26 Section [7.1] 307. Additional Class Options; Transfers to
27 Additional Classes.--(a) The board may, by rule, establish a
28 one-fiftieth class or a one-fortieth class with a required
29 member contribution rate of nine per cent for each class unless
30 the board establishes a different contribution rate in

1 accordance with section [7(e)] 306(e).

2 (b) The board may, by rule, authorize the class adopted
3 pursuant to this section to be applied retroactively to the
4 employe's credit service or any portion thereof.

5 (c) Whenever the board has, by rule, authorized the members
6 of the retirement system to make a transfer to the one-fiftieth
7 class or the one-fortieth class, the county annuity shall be
8 calculated in accordance with section [14(c)] 315(c) with the
9 new classes added. Notwithstanding the provisions of section
10 [14(c)] 315(c), if the board adopts the retroactivity provision
11 in subsection (b), the county annuity for all periods of service
12 shall be calculated at the one-fiftieth class rate or one-
13 fortieth class rate, as the case may be.

14 (d) The board may adopt rules pursuant to this section until
15 June 30, 2007.

16 Section 10. Sections 8 and 9 of the act are renumbered to
17 read:

18 Section [8] 308. Custody of Fund; Payments.--All moneys and
19 securities in the fund shall be placed in the custody of the
20 county treasurer for safekeeping; and, all payments from the
21 fund shall be made only on requisition signed by the chairman
22 and secretary of the board.

23 Section [9] 309. Management and Investment of Fund.--The
24 members of the board shall be trustees of the fund, and shall
25 have exclusive management of the fund with full power to invest
26 the moneys therein subject to the terms, conditions, limitations
27 and restrictions imposed by law upon fiduciaries. Subject to
28 like terms, conditions, limitations and restrictions, the
29 trustees shall have power to hold, purchase, sell, assign,
30 transfer or dispose of any of the securities and investments in

1 the funds, as well as the proceeds of investments and of the
2 moneys belonging to the fund.

3 The board shall annually allow regular interest on the mean
4 amount for the preceding year to the credit of each of the
5 accounts. The amount so allowed shall be credited to each
6 contributor's account.

7 Section 11. Section 10 of the act, amended December 20, 1983
8 (P.L.282, No.75), is renumbered and amended to read:

9 Section [10] 310. Compulsory Membership.--Each county
10 officer may and all other county employes shall be required to
11 become a member of the retirement system established by this
12 [act] chapter at the date specified in the resolution
13 establishing the retirement system, and thereafter when first
14 becoming a county employe. Those becoming members who have been
15 at any time county employes prior to the first Monday of January
16 of the year the retirement system is established shall be known
17 as original members; and, those becoming members after that date
18 as new members. Any person who becomes a county employe
19 subsequent to the time the system was established, and who has
20 been an employe of the county at any time theretofore, shall
21 receive credit for the service prior to the time the system was
22 established, and shall be known as an original member if he
23 shall contribute to the fund the amount which would have been
24 contributed if the retirement system had been in effect during
25 such previous employment; in which event, the county shall
26 contribute for each employe the amount which it would have
27 contributed if the retirement system had been in effect during
28 such previous employment.

29 Section 12. Section 11 of the act is renumbered and amended
30 to read:

1 Section [11] 311. County Guarantee; Annual Budgets.--The
2 regular interest charges payable, the creation and maintenance
3 of the necessary reserves for the payment of the county and
4 members' annuities in accordance with this [act] chapter, and
5 the additional retirement benefits, are hereby made obligations
6 of the county. The board shall prepare and submit to the county
7 commissioners, on or before the first day of November of each
8 year, an itemized estimate of the amounts necessary to be
9 appropriated by the county to complete the payment of the
10 obligations of the county during the next fiscal year.

11 Section 13. Section 12 of the act, amended November 21, 1990
12 (P.L.551, No.136), is renumbered to read:

13 Section [12] 312. Service Allowance.--In computing the
14 length of service of a contributor for retirement purposes, full
15 credit shall be given to each original member for each year of
16 service rendered to the county prior to January first of the
17 year the retirement system was established. This shall include
18 the services of a county official whose compensation was in the
19 form of fees collected by his office, and shall also include the
20 services of employes paid directly by such county official out
21 of such fees. Full credit shall also be given for each year of
22 service of a contributor who was a per diem employe of the
23 county for a period of at least five years prior to the time the
24 system became effective and who averaged at least two hundred
25 days of employment in each of such years. As soon as
26 practicable, the board shall issue to each original member a
27 certificate certifying the aggregate length of his service prior
28 to January first of the year the retirement system was
29 established. Such certificate shall be final and conclusive as
30 to his prior service, unless thereafter modified by the board

1 upon application of the member. Any member who had been employed
2 on a part-time basis and had been excluded from membership in
3 the plan and who completed more than 1000 hours of services
4 during the 12-month period beginning on the first day of
5 employment or in any succeeding 12-month period thereafter shall
6 receive service credit for a fractional portion of a year
7 determined by the ratio of the number of hours of service
8 credited in that 12-month period to 1400 hours for the purpose
9 of the computation of his retirement credit upon payment by the
10 employe of the amount which the board determines should have
11 been the applicable member contribution during such period. Such
12 payment may be made in installments over a period fixed by the
13 board. The time during which a member is absent from service
14 without pay may be counted in computing the service of a
15 contributor, if allowed by the county commissioners and approved
16 by the board and if the employe pays the member contribution,
17 including the pickup contribution, and the county's contribution
18 into the fund based upon the contributions made the year
19 immediately preceding the leave of absence.

20 Section 14. Section 13 of the act, amended July 20, 1979
21 (P.L.164, No.53) and November 21, 1990 (P.L.551, No.136), is
22 renumbered to read:

23 Section [13] 313. Credit for Military Service; Payments into
24 Fund; Reimbursement.--(a) Any county employe who, on or after
25 September 16, 1940 has been employed by the county for a period
26 of six months and who, on or subsequent to such date, shall have
27 enlisted or been inducted into the military service of the
28 United States in time of war, armed conflict or national
29 emergency, so proclaimed by the President or the Congress of the
30 United States, shall have credited to his employment record, for

1 retirement benefits, all of the time spent by him in such
2 military service during the continuance of such war, armed
3 conflict or national emergency. Contributions on account of
4 credit for intervening military service shall be determined by
5 the employe's contribution rate and compensation at the time of
6 entry of the member into active military service, together with
7 interest during all periods of subsequent county service to date
8 of purchase. Said contributions shall be paid into the fund by
9 the county. Any employes who have made payments into the fund
10 for which payments the county is liable shall be reimbursed by
11 the county to the full extent of such payments, or be given
12 credit towards future employe payments.

13 (b) With the approval of the county retirement board, all
14 members of the fund who are contributors and who served actively
15 in the armed forces of the United States shall be entitled to
16 have full service credit for each year or fraction thereof, not
17 to exceed five years of such service. The amount due for the
18 purchase of credit for military service other than intervening
19 military service shall be determined by applying an employe's
20 contribution rate of five per cent plus a county contribution
21 rate of five per cent to his average annual rate of compensation
22 over the first three years of credited membership service and
23 multiplying the result by the number of years and fractional
24 part of a year of creditable nonintervening military service
25 being purchased together with regular interest from the
26 commencement of such credited membership service to date of
27 purchase. Said contributions shall be paid into the fund by the
28 employe: Provided, That the member has three years of county
29 service subsequent to such military service: Provided further,
30 That he is not entitled to receive, eligible to receive now or

1 in the future, or is receiving retirement benefits for such
2 service under a retirement system administered and wholly or
3 partially paid for by any other governmental agency.

4 Section 15. Section 13.1 of the act, added November 3, 1983
5 (P.L.198, No.54), is renumbered to read:

6 Section [13.1] 314. Credit for Public School Service.--Any
7 county employe who, on or after July 1, 1982 is employed by the
8 county for a period of one month and who, on or immediately
9 prior to July 1, 1982 was an employe of a public school
10 district, shall have credited to the employe's employment
11 record, for retirement benefits, all the time spent by such
12 employe in the school district: Provided, however, That (i) the
13 employe contribute to the fund the total amount of employe
14 accumulated deductions withdrawn from the Public School
15 Employees' Retirement Fund, (ii) that the board of the Public
16 School Employees' Retirement Fund transfer over within thirty
17 days of receipt of a written request from the county the total
18 amount of employer contributions and the accumulated interest on
19 such contribution and (iii) that the employe start work with the
20 county within thirty days after leaving employment with the
21 public school district. This section shall apply only where the
22 transfer of employment from the public school district to the
23 county was not voluntary on the part of the employe.

24 Section 16. Section 14 of the act, amended December 20, 1983
25 (P.L.282, No.75), is renumbered to read:

26 Section [14] 315. Superannuation Retirement Allowance.--(a)
27 Any contributor who has reached superannuation retirement age
28 may retire for superannuation by filing with the board a written
29 statement duly signed by the contributor setting forth at what
30 time he desires to be retired. The application shall retire the

1 contributor at the time so specified.

2 (b) On retirement for superannuation, a retiree shall
3 receive a retirement allowance which shall consist of: (i) a
4 member's annuity which shall be the actuarial equivalent of his
5 accumulated deductions standing to his credits in the members'
6 annuity reserve account, and (ii) a county annuity equal to one-
7 one hundred twentieth of his final salary multiplied by each
8 year of total service, and, in addition thereto in the case of
9 an original member, one-one hundred twentieth of his final
10 salary multiplied by each year of prior service. At any time the
11 board by rule may, by increasing the county annuity, authorize
12 the payment of a minimum retirement allowance of one hundred
13 dollars (\$100) per month to every beneficiary who shall thereby
14 retire for superannuation after twenty years service.

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

21 (1) For service prior to the time of transfer, at the one-
22 one hundred twentieth rate, the one-one hundredth rate, the one-
23 eightieth rate, the one-seventieth rate or the one-sixtieth rate
24 as the case may be.

25 (2) For service subsequent to the time of transfer to the
26 time of retirement, or to the time of a subsequent transfer, at
27 the rate applicable during such period.

28 (3) For all service prior to the time of commencing
29 contribution, as the time member contributions were made at the
30 one-one hundred twentieth rate bears to the total time of

1 contribution and as the time member contributions were made at
2 any other rate herein provided for bears to the total time of
3 contribution.

4 Section 17. Section 14.1 of the act, added July 7, 1994
5 (P.L.437, No.71), is renumbered to read:

6 Section [14.1] 316. Special Early Retirement.--(a) If
7 authorized by resolution of the commissioners or by council in
8 counties having an optional form of government or by
9 commissioners or council in counties having a home rule charter
10 and approved by the retirement board, a special early retirement
11 provision may be adopted for active members of the county
12 employes' retirement system. The resolution shall state the
13 terms and conditions of the early retirement and shall provide
14 an election period which explicitly states the effective
15 beginning and ending dates not be less than sixty days nor more
16 than one hundred twenty days, with a seven-day revocation period
17 after the active member's initial election. The election period
18 must be followed immediately by the special early retirement
19 period which is not to exceed twelve months.

20 (b) To be eligible for special early retirement, a member
21 must meet the specified requirements established in the
22 provision at the time of retirement during the special early
23 retirement period. Minimum eligibility for special early
24 retirement cannot be less than attainment of fifty-five years of
25 age and ten years of credited service or thirty years of
26 credited service with no age requirement. A member who is
27 eligible for the special early retirement shall be credited with
28 additional full years of service as stated in the resolution
29 equal to no less than ten per cent nor more than thirty per cent
30 of credited service, the result then rounded to the next full

1 year, at the current designated county class base.

2 (c) The increase in actuarial accrued liability attributable
3 to the special early retirement provision shall be determined by
4 the actuary of the board and shall be amortized by level dollar
5 amortization payments over the five-year period the end of which
6 is the end of the fifth retirement system year occurring after
7 the end of the early retirement period.

8 (d) No more than one special early retirement provision can
9 be authorized within a five-year period.

10 Section 18. Section 15 of the act, amended July 3, 1985
11 (P.L.132, No.35), is renumbered and amended to read:

12 Section [15] 317. Options on Superannuation Retirement.--At
13 the time of his superannuation retirement, any retiree may elect
14 to receive either his retirement allowance payable throughout
15 life, or to receive the full amount of the accumulated
16 deductions standing to his individual credit in the members'
17 annuity reserve account at the time of his voluntary or
18 involuntary retirement, or he may in any event elect to receive
19 the actuarial equivalent of his member's and county annuity in a
20 lesser retirement allowance payable throughout life with
21 provisions that:

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

29 (2) Option Two. Upon his death his member's annuity and
30 county annuity shall be continued through the life of and paid

1 to such person having an insurable interest in his life as he
2 shall nominate by written designation, duly acknowledged and
3 filed with the board at the time of his retirement.

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

9 Should a retiree, who has not elected to receive in one
10 payment the full amount of the accumulated deductions standing
11 to his individual credit in the members' annuity reserve account
12 at the time of his retirement pursuant to section [15.1] 318,
13 select a retirement allowance payable throughout his life and
14 fail to receive payments at least equal to his accumulated
15 deductions as of the date of retirement, an amount equal to the
16 balance of his accumulated deductions shall be paid to his legal
17 representative or to a person having an insurable interest in
18 his life, as he shall nominate by written designation filed with
19 the board.

20 Section 19. Section 15.1 of the act, added July 3, 1985
21 (P.L.132, No.35), is renumbered to read:

22 Section [15.1] 318. Option to Withdraw Accumulated
23 Deductions and Accumulated Interest.--If authorized by action of
24 the board as an option for its members, any member of the county
25 retirement system who is eligible to retire and receive a
26 superannuation retirement allowance, an involuntary retirement
27 allowance or a voluntary retirement allowance after twenty years
28 of service may elect to receive, in one payment, the full amount
29 of the accumulated deductions and accumulated interest thereon
30 standing to his credit in the members' annuity reserve account

1 at the time of his retirement. Any member who makes such an
2 election shall forfeit the member's annuity portion of his
3 retirement allowance but shall continue to be entitled to the
4 county annuity portion upon retirement if he is otherwise so
5 entitled. Any member who exercises the option provided for in
6 this section may elect to receive his county annuity payable
7 throughout life or to receive the actuarial equivalent of his
8 county annuity in a lesser retirement allowance payable
9 throughout life with provisions that:

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

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

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

27 Section 20. Section 16 of the act, amended November 21, 1990
28 (P.L.551, No.136), is renumbered and amended to read:

29 Section [16] 319. Involuntary Retirement Allowance;
30 Voluntary Retirement Allowance after Twenty Years of Service.--

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

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

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

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

9 (b) Any contributor who has completed twenty years of total
10 service and who has reached the superannuation retirement age
11 shall be entitled to the superannuation retirement allowance
12 provided in section [14] 315.

13 Section 21. Sections 17, 18, 19, 20, 21 and 22 of the act
14 are renumbered and amended to read:

15 Section [17] 320. Retirement as of Time of Death.--Any
16 contributor who would be entitled to a retirement allowance
17 because of being involuntarily retired after having completed
18 ten years of total service, or by reason of having reached
19 superannuation retirement age may file with the board a written
20 application for retirement in the form required for such
21 application, but requesting that such retirement shall become
22 effective as of the time of his death, electing Option One or
23 Option Two provided in section [15] 317 and nominating a
24 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] 321. 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] 322. Additional Retirement Benefits.--In
17 addition to the retirement allowance, the board may grant to
18 retired employes insurance or other similar benefits that the
19 county has granted to other county employes.

20 Section [20] 323. Total Disability Retirement Allowance.--If
21 a contributor after five years of service as a county employe
22 and before reaching superannuation retirement age is disabled
23 while in service and is unable to continue as a county employe,
24 as 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] 315.

28 Section [21] 324. Payment of Balances Where Disability
29 Annuitant Dies.--Should a person receiving a disability
30 retirement allowance die before receiving total payments equal

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

5 Section [22] 325. Monthly Payments of Retirement

6 Allowances.--The retirement allowances granted under the
7 provisions of this [act] chapter shall be paid in equal monthly
8 installments and shall not be increased, decreased, revoked or
9 repealed, except as otherwise provided in this [act] chapter.

10 This section shall not be construed to prohibit the board from
11 granting to retired employes insurance or other similar benefits
12 granted to other county employes.

13 Section 22. Section 23 of the act is renumbered to read:

14 Section [23] 326. Refunds.--(a) Where a contributor
15 terminates service before qualifying for a retirement allowance
16 or where a contributor has died before completing ten years of
17 total service, the amount standing to the credit of the

18 contributor in the members' annuity reserve account shall be
19 paid to him or his estate or to the person or persons named in
20 any beneficiary certificate filed by the contributor with the
21 board. When a contributor or a beneficiary has died and there

22 shall be due to the estate of such contributor or beneficiary a
23 sum less than one hundred dollars (\$100), and letters

24 testamentary or of administration have not been taken out on the
25 estate of such contributor or beneficiary within six months of
26 death, the board may pay the amount due on the claim of the
27 undertaker or to any person or persons or political subdivision
28 who or which shall have paid the claim of the undertaker.

29 (b) Where a contributor terminates service after completing
30 eight years of service, he may elect to have the board pay to

1 him the amount standing to his credit in the members' annuity
2 reserve account or, elect vesting and keep his accumulated
3 deductions in the members' annuity reserve account and apply for
4 retirement benefits upon reaching superannuation retirement age.

5 Section 23. Section 24 of the act, amended July 2, 1992
6 (P.L.382, No.80), is renumbered to read:

7 Section [24] 327. Simultaneous Payments of Salary and
8 Retirement Allowance.--Should a retiree be reemployed as a
9 county employe, the retirement allowance of such person shall
10 immediately cease. Such person shall thereupon be reinstated as
11 a contributor; and, there shall be restored to his credit as
12 accumulated deductions the actuarial value of his member's
13 annuity computed as of the date of his reemployment. Should he
14 refuse to surrender his right to retirement allowance as of the
15 date of his reemployment, it shall be unlawful for the county to
16 reemploy him. For the purposes of this section if a person
17 serves as a juror, master, or arbitrator or is prohibited from
18 being a member of the system by home rule charter, he shall not
19 be deemed reemployed. If a retiree is reemployed on a part-time
20 basis, the retirement allowance shall not cease, but shall be
21 reduced by an amount equal to the amount of compensation
22 received by the employe for service in excess of 1000 hours per
23 year. Such reduction shall, however, not exceed the amount of
24 the retirement allowance. A retiree reemployed on a part-time
25 basis shall not be reinstated as a contributor and shall not
26 receive additional service credit for retirement purposes.

27 Section 24. Sections 25, 26, 27 and 28 of the act are
28 renumbered to read:

29 Section [25] 328. Subsequent Admissions to Retirement
30 System.--Any county officer whose term of office began after the

1 establishment of the retirement system and who did not become a
2 member of the retirement system when his term of office began,
3 shall be permitted to become a member of the retirement system
4 at any time and shall receive a retirement allowance based upon
5 service as a county employe rendered after such date of
6 membership; however, if membership is consummated within one
7 year from the beginning of such term of office and such sums as
8 would have been deducted from his salary had he become a member
9 at the time of the commencement of such term of office shall
10 have been paid into the retirement system, he shall thereupon
11 become entitled to all the rights and privileges in the
12 retirement system as would have been vested in him had he become
13 a member and contributor at the time his term of office began.

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

1 the retirement system as would have vested in him had he become
2 a member and contributor at the time the retirement system was
3 established.

4 Section [26] 329. Reinstatement on Return to County
5 Employment.--Any contributor separated from county employment by
6 dismissal, resignation, or any other reason, except retirement,
7 or any county officer having legally withdrawn from the
8 retirement system, who returns to county employment and restores
9 to the fund to the credit of the members' annuity reserve
10 account his accumulated deductions as they were at the time of
11 separation, shall have the annuity rights forfeited by him
12 restored. Payments may be made either in a lump sum or by
13 installments; but, in no event shall the installments be less
14 than sufficient to pay such amount by the time the member
15 attains superannuation retirement age.

16 Section [27] 330. Exemption from Taxation and Execution,
17 Etc.--The right to a member's annuity, or a county annuity, or
18 to the return of contributions, shall be exempt from any State
19 or municipal tax and from levy, sale, garnishment, attachment or
20 any other process whatsoever and shall be unassignable, except
21 for any indebtedness due the county or the institution district
22 arising out of embezzlement or fraudulent conversion by a member
23 of the fund against the respective county or the institution
24 district of which the same member is employed.

25 Section [28] 331. Fraud; Correction of Errors.--Any person
26 who shall knowingly make any false statement, or shall falsify
27 or permit to be falsified, any record or records of the
28 retirement system herein established in any attempt to defraud
29 such system, shall be guilty of a misdemeanor, and, upon
30 conviction thereof, shall be sentenced to pay a fine not

1 exceeding one thousand dollars (\$1,000), or undergo imprisonment
2 not exceeding one year, or both.

3 Should any such change in records fraudulently made, or any
4 mistake in records inadvertently made, result in any contributor
5 or beneficiary receiving more or less than he would have been
6 entitled to had the records been correct, on the discovery of
7 the error, the board shall correct the error, and shall adjust
8 the payments which shall be made to the contributor or annuitant
9 in such manner that the actuarial equivalent of the benefit to
10 which he was correctly entitled shall be paid.

11 Section 25. Section 29 of the act, amended November 23, 1982
12 (P.L.691, No.198), is renumbered and amended to read:

13 Section [29] 332. Designation of Deposit Administrator.--The
14 board shall be permitted to contract with any insurance company
15 which has qualified and is authorized by the Insurance
16 Department of the Commonwealth of Pennsylvania to transact
17 business in the Commonwealth of Pennsylvania, or with any bank,
18 savings and loan association or trust company approved by the
19 Department of Banking of the Commonwealth of Pennsylvania, or
20 with any investment adviser registered pursuant to the Federal
21 Investment Advisers Act of 1940 (54 Stat. 789) which is
22 registered as an investment adviser by the Pennsylvania
23 Securities Commission and which agrees to conduct itself in
24 accordance with 20 Pa.C.S. Ch. 73 (relating to fiduciaries
25 investments) to be designated as a deposit administrator. The
26 deposit administrator may be given the power to administer the
27 funds in its entirety, including the power to receive and invest
28 all moneys deposited in the fund and such other powers as are
29 vested in the board. In addition to the options provided in the
30 [act] chapter upon retirement, disability withdrawal or death of

1 a contributor, the deposit administrator, if an insurance
2 company, may provide additional options to the contributors or
3 beneficiaries.

4 Section 26. Section 30 of the act, amended July 18, 1986
5 (P.L.1410, No.126), is renumbered and amended to read:

6 Section [30] 333. Supplemental Benefits.--(a) Every member
7 who is in receipt of a county annuity shall receive annually a
8 cost-of-living increase which shall be the product of the
9 retirement allowance determined at the time of retirement less
10 any withdrawal of a member's annuity under section [15.1] 318 of
11 this [act] chapter and prior to optional modification or minimum
12 allowance and the following percentages as determined by the
13 calendar year in which retirement became effective:

14	Year of	Percentage	Year of	Percentage
15	Retirement	Factor	Retirement	Factor
16				
17	1938	136%	1953	23%
18	1939	135%	1954	23%
19	1940	134%	1955	22%
20	1941	122%	1956	20%
21	1942	100%	1957	16%
22	1943	89%	1958	14%
23	1944	86%	1959	12%
24	1945	82%	1960	10%
25	1946	68%	1961	9%
26	1947	47%	1962	8%
27	1948	37%	1963	7%
28	1949	37%	1964	6%
29	1950	36%	1965	4%
30	1951	26%	1966	1%

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

6 Section 27. Section 31 of the act is renumbered and amended
7 to read:

8 Section [31] 334. Saving Clause.--(a) This [act] chapter
9 shall not impair or affect any act done, offense committed, or
10 right accruing, accrued, or acquired, or liability, duty,
11 obligation, penalty, judgment or punishment incurred under the
12 provisions of any prior act providing for the creation,
13 maintenance and operation of a county employes' retirement
14 system.

15 (b) The provisions of all acts which are repealed by this
16 [act] chapter shall be considered as remaining continuously in
17 force so far as concerns all rights vested and accrued, and
18 liabilities, duties and obligations incurred under such
19 provisions before the effective date of this [act] chapter.

20 Section 28. The act is amended by adding a chapter to read:

21 CHAPTER 5

22 INDEPENDENT DEFINED CONTRIBUTION

23 RETIREMENT SAVINGS PROGRAM

24 Section 501. Definitions.

25 The following words and phrases when used in this chapter
26 shall have the meanings given to them in this section unless the
27 context clearly indicates otherwise:

28 "County." A county, including a home rule county, of the
29 second class A, third class, fourth class, fifth class, sixth
30 class, seventh class or eighth class.

1 "Employee." A person:

2 (1) who is not a member in the County Employees'
3 Retirement System and Fund under Chapter 3;

4 (2) who is newly employed, appointed or elected on or
5 after January 1, 2017, by the county, the county institution
6 district, the county prison or in another institution
7 maintained by the county from county funds or is employed by
8 a county or State official and paid by the official from
9 funds appropriated by the county for such purpose; and

10 (3) whose salary or compensation is paid in regular
11 periodic installments or from fees collected by the person's
12 office, but does not, except as provided in this chapter,
13 include a person employed after the effective date of this
14 chapter on a part-time basis.

15 "Employer" or "county employer." A county.

16 "Independent defined contribution retirement savings
17 program." A plan that provides for an individual investment
18 account for each participant and for benefits based solely on
19 the amount contributed to the participant's account and any
20 income, expenses, gains and losses.

21 "Participant." An employee participating in the Independent
22 Defined Contribution Retirement Savings Program.

23 "Part-time." Employment with the expectation of completing
24 less than 1000 hours of service during the 12-month period
25 beginning on the first day of employment and each succeeding 12-
26 month period.

27 "Qualified third party administrator." An independent,
28 professional firm that:

29 (1) is a competent fiduciary;

30 (2) has the expertise to maintain the qualified status

1 of the independent defined contribution retirement savings
2 program through administration and compliance procedures;

3 (3) meets the appropriate performance and service
4 standards;

5 (4) is capable of offering both broad-based and
6 individual-specific retirement and investment educational
7 services;

8 (5) provides appropriate asset allocation strategies for
9 participants;

10 (6) provides procedures whereby a participant may change
11 the participant's investment choices on a periodic basis;

12 (7) provides standards and criteria for disclosing to
13 the participants the anticipated and actual income
14 attributable to amounts invested, property rights and the
15 fees and expenses to be made against the participants'
16 accounts to cover the cost of investing, administering and
17 managing the plan; and

18 (8) charges no more than reasonable and competitive
19 administrative, management and investment fees.

20 Section 502. Establishment.

21 A county shall provide an independent defined contribution
22 retirement savings program for the county's employees through
23 contract with a qualified third party administrator. The
24 affected counties shall have one year from the effective date of
25 this chapter to identify and contract with a qualified third
26 party administrator. A county shall begin making required
27 contributions to the individual retirement accounts of
28 participants as provided in section 504.

29 Section 503. Applicability.

30 An employee shall become a mandatory participant in an

1 independent defined contribution retirement savings program
2 approved by the county employer.

3 Section 504. Contributions.

4 (a) Requirements.--Beginning January 1, 2017, and every year
5 thereafter, the employer shall make mandatory contributions for
6 each participant equal to 5% of the participant's compensation
7 to the respective participant's individual investment account. A
8 participant shall make mandatory contributions through payroll
9 deductions to the participant's individual investment account
10 equal to 5% of compensation for current county service. The
11 employer shall cause the required employer and participant
12 contributions to be deposited into the participant's individual
13 investment account each payroll period.

14 (b) Prohibition.--A participant may not elect membership in
15 a county retirement system under Chapter 3.

16 Section 29. The act is amended by adding a chapter heading
17 to read:

18 CHAPTER 21

19 MISCELLANEOUS PROVISIONS

20 Section 30. Sections 32 and 33 of the act are renumbered to
21 read:

22 Section [32] 2101. Repeals.--The following acts and parts of
23 acts are repealed absolutely:

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

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

30 (3) The act of August 5, 1941 (P.L.803), entitled, as

1 amended, "An act providing for the creation, maintenance and
2 operation of a county employes' retirement system in counties of
3 the fifth, sixth, seventh and eighth class; imposing certain
4 charges on counties, and prescribing penalties."

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

7 Section [33] 2102. Effective Date.--This act shall take
8 effect immediately.

9 Section 31. This act shall take effect in 60 days.