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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**

**No. 471**

Session of  
1973

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INTRODUCED BY REIBMAN, STAUFFER, SCALES, EWING AND MURPHY,  
MARCH 12, 1973

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REFERRED TO LOCAL GOVERNMENT, MARCH 12, 1973

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AN ACT

1 Creating a Pennsylvania Municipal Retirement System for the  
2 payment of retirement allowances to officers, employes,  
3 firemen and police of political subdivisions and municipal  
4 authorities and of institutions supported and maintained by  
5 political subdivisions and providing for the administration  
6 of the same by a board composed of the State Treasurer and  
7 others appointed by the Governor; imposing certain duties on  
8 the Pennsylvania Municipal Retirement Board and the actuary  
9 thereof; providing the procedure whereby political  
10 subdivisions and municipal authorities may join such system,  
11 and imposing certain liabilities and obligations on such  
12 political subdivisions and municipal authorities in  
13 connection therewith, and as to certain existing retirement  
14 and pension systems, and upon officers, employes, firemen and  
15 police of such political subdivisions, institutions supported  
16 and maintained by political subdivisions, and upon municipal  
17 authorities; providing for the continuation of certain  
18 municipal retirement systems now administered by the  
19 Commonwealth; providing certain exemptions from taxation,  
20 execution, attachment, levy and sale and providing for the  
21 repeal of certain related acts.

22 The General Assembly of the Commonwealth of Pennsylvania  
23 hereby enacts as follows:

24 ARTICLE I

25 GENERAL PROVISIONS

26 Section 101. This act shall be known and may be cited as the  
27 "Pennsylvania Municipal Retirement Law."

1 Section 102. Definitions.--As used in this act:

2 "Accumulated deductions" means the total amount deducted from  
3 the salary or compensation of the contributor and paid over by  
4 the municipality or paid by the member or from any existing  
5 pension or retirement system directly into the retirement fund  
6 and credited to the member's account, together with regular  
7 interest thereon, unless interest is excluded in a contract for  
8 an optional retirement plan entered into under the provisions of  
9 clause (11) of section 104 of this act.

10 "Actuarially sound" means a plan which is being operated  
11 under supervision of an actuary and which is being funded  
12 annually at a level not lower than the normal cost of the plan  
13 plus a contribution towards the unfunded accrued liability  
14 sufficient to complete the funding thereof within thirty years  
15 of the effective date of the system. If the unfunded accrued  
16 liability is increased subsequent to the effective date of the  
17 system, such additional liability shall be funded within a  
18 period of thirty years from the effective date of the increase.

19 "Actuary" means: (i) a member of the American Academy of  
20 Actuaries, or (ii) an individual who has demonstrated to the  
21 satisfaction of the Insurance Commissioner of Pennsylvania that  
22 he had the educational background necessary for the practice of  
23 actuarial science and has had at least seven years of actuarial  
24 experience, or (iii) a firm, partnership or corporation of which  
25 one or more members meets the requirements of subclauses (i) or  
26 (ii) above.

27 "Annuitant" means a former contributor in receipt of a  
28 superannuation retirement allowance or other benefit provided by  
29 this act.

30 "Beneficiary" means a person designated by a contributor or

1 an annuitant to receive benefits after the death of such  
2 contributor or annuitant.

3 "Board" means the Pennsylvania Municipal Retirement Board  
4 created by this act.

5 "Contributor" means a member who has accumulated deductions  
6 standing to his credit in the member's account of the fund  
7 created by this act.

8 "Equivalent actuarial value" means benefits which have equal  
9 present value when computed on the basis of regular interest and  
10 the mortality tables adopted by the board and in use at the date  
11 the benefit becomes effective.

12 "Final salary" means the average annual salary or  
13 compensation earned by a member and paid by the municipality  
14 during the last five years immediately preceding retirement, or  
15 if not so long employed, then the average annual salary or  
16 compensation earned and paid during the whole period of such  
17 employment; or, if applicable, the amount or formula stipulated  
18 between the municipality and the board in a contract for an  
19 optional retirement plan entered into under the provisions of  
20 clause (11) of section 104 of this act.

21 "Fund" means the Pennsylvania Municipal Retirement Fund  
22 created by this act.

23 "Joint coverage member" means a member who shall have become  
24 a member of the retirement system subsequent to the last date  
25 permitted by the municipality employing him for statement of  
26 preference concerning social security coverage, or who, having  
27 become a member on or before such date, shall have filed with  
28 the municipality a written statement that he elects social  
29 security coverage under an agreement with the Federal Secretary  
30 of Health, Education and Welfare entered into by the

1 Commonwealth.

2 "Member" means a municipal officer, employe, fireman or  
3 policeman who has become a member of the Pennsylvania Municipal  
4 Retirement System created by this act.

5 "Member's account" means the account to which shall be  
6 credited the payroll deductions and other contributions, plus  
7 interest, if any, of the members.

8 "Member's annuity" means that portion or component of the  
9 retirement allowance which is of equivalent actuarial value, at  
10 date of retirement, to the accumulated deductions of the member.

11 "Municipal account" means the account maintained for each  
12 municipality, to which shall be credited the contributions made  
13 by it toward the superannuation retirement and death benefits of  
14 members.

15 "Municipal annuity" means that portion or component of the  
16 retirement allowance computed in accordance with the formula  
17 applicable to each municipality.

18 "Municipal employe" means a person holding an office or  
19 position, other than that of a municipal fireman or municipal  
20 policeman, under a municipality and paid on a regular salary or  
21 per diem basis. The term shall not include officers and employes  
22 paid wholly on a fee basis.

23 "Municipal fireman" means a person holding a full-time  
24 position in the fire department of a municipality and who works  
25 for a stated salary or compensation.

26 "Municipal policeman" means a person holding a full-time  
27 position in the police department of a municipality and who  
28 works for a stated salary or compensation.

1 "Municipality" means a city, borough, town, township, county,  
2 institution district, or any newly created governmental unit, or  
3 an authority created by a city, borough, town, township, county  
4 or county institution district, or jointly by any such political  
5 subdivisions, or an institution supported and maintained by a  
6 municipality, or an industrial development agency as defined by  
7 the act of May 31, 1956 (P.L.1911, No.635), known as the  
8 "Industrial Development Assistance Law," which has adopted  
9 bylaws and the governing body of which is organized and holds  
10 regular public meetings.

11 "New member" means a municipal officer, employe, fireman or  
12 policeman who first becomes a member after the date the  
13 municipality by which he is employed joined the retirement  
14 system created by this act.

15 "Original member" means a municipal officer, employe, fireman  
16 or policeman who was employed by the municipality at the date  
17 the municipality joined the system.

18 "Prior salary" means the annual salary or compensation earned  
19 by a member and paid by the municipality during the year  
20 immediately preceding the date the municipality by which he is  
21 employed joined the system.

22 "Prior service" means all service as a municipal employe,  
23 municipal fireman or municipal policeman completed at the time  
24 the municipality by which he is or was employed elected to join  
25 the system or the same municipality under a prior name or  
26 classification, unless the municipality has elected to limit the  
27 period of such service for municipal employes enrolled in a plan  
28 under Article II or Article IV of this act.

29 "Regular interest" means the rate fixed by the board, from  
30 time to time, on the basis of earnings on investments.

1 "Retired member's reserve account" means the account from  
2 which all retirement allowances shall be paid for superannuation  
3 and total disability retirement and voluntary and involuntary  
4 withdrawals.

5 "Retirement allowance" means the sum of the municipal annuity  
6 and the member's annuity and, if the member is entitled to a  
7 disability annuity under the provisions of this act, the  
8 disability annuity.

9 "Service connected disability" means total and permanent  
10 disability of a member prior to eligibility for superannuation  
11 retirement resulting from a condition arising out of and  
12 incurred in the course of his employment, and which is  
13 compensable under the applicable provisions of the act of June  
14 2, 1915 (P.L.736, No.338), known as "The Pennsylvania Workmen's  
15 Compensation Act," or the act of June 21, 1939 (P.L.566,  
16 No.284), known as "The Pennsylvania Occupational Disease Act."

17 "Single coverage member" means a member who shall become a  
18 member of the retirement system on or before the last date  
19 permitted by the municipality employing him for statement of  
20 preference concerning social security coverage and who either  
21 shall have filed with the municipality a written statement that  
22 he does not elect social security coverage under any agreement  
23 with the Federal Secretary of Health, Education and Welfare  
24 entered into by the Commonwealth, or shall not have filed with  
25 the municipality any written statement.

26 "Superannuation retirement age" means sixty-five years of age  
27 for municipal employes, fifty-five years of age for municipal  
28 firemen and municipal police or such other age as may be  
29 stipulated between the municipality and the board in a contract  
30 for an optional retirement plan entered into under the

1 provisions of clause (11) of section 104 of this act.

2 "Survivor annuitant" means any person who has been named by a  
3 member under a joint and survivor annuity option to receive an  
4 annuity upon the death of such member.

5 "System" means the Pennsylvania Municipal Retirement System  
6 as established herein.

7 "Total disability reserve account" means the account to which  
8 shall be credited the contributions made by municipalities  
9 toward the disability retirement of members.

10 Section 103. Pennsylvania Municipal Retirement Board.--A  
11 Pennsylvania Municipal Retirement Board is hereby created, which  
12 shall consist of the State Treasurer, four municipal employes  
13 employed by different classes of municipalities which have  
14 joined the system, one municipal fireman employed by a  
15 municipality which has joined the system and one municipal  
16 policeman employed by a municipality which has joined the  
17 system. The six latter members shall be appointed by the  
18 Governor from among nominations made by various associations of  
19 county and municipal taxing officials and associations  
20 representing municipal firemen and municipal police, to serve  
21 for a term of four years each and until their successors are  
22 appointed and qualified. Appointments of members made by the  
23 Governor shall not require the advice and consent of the Senate.  
24 The two municipal employe members of the Municipal Employes'  
25 Retirement Board, appointed by the Governor from among  
26 nominations made by various associations of county and municipal  
27 taxing officials, who are serving on the effective date of this  
28 act, shall continue to serve as members of the Pennsylvania  
29 Municipal Retirement Board until the expiration of their  
30 respective terms.

1 A chairman and vice chairman of the board shall be elected by  
2 the board every four years.

3 Vacancies happening from among members appointed from among  
4 the nominations made by the associations shall be filled by the  
5 appointment of a successor for a full term of four years.

6 No appointed member shall serve more than two consecutive  
7 full terms.

8 Each member of the board shall take an oath of office that he  
9 will diligently and honestly administer the affairs of the  
10 board, and that he will not knowingly violate or wilfully permit  
11 to be violated any of the provisions of this act.

12 A quorum of the board shall consist of four members.

13 Section 104. General Powers of the Board.--The board shall:

14 (1) Appoint a secretary who shall appoint the clerical and  
15 other employes of the board, whose positions, including the  
16 secretary's, shall be under the classified service provisions of  
17 the act of August 5, 1941 (P.L.752, No.286), as amended and the  
18 secretary shall fill future vacancies in accordance with such  
19 provisions. The compensation of all persons so appointed shall  
20 be fixed by the board and shall be consistent with the standards  
21 established by the Executive Board of this Commonwealth;

22 (2) Contract for professional services, including but not  
23 limited to actuarial, investment and medical as it deems  
24 advisable;

25 (3) Keep in convenient form such data as shall be deemed  
26 necessary for actuarial valuation purposes;

27 (4) From time to time, through its actuary, make an  
28 actuarial investigation into the mortality and service  
29 experience of the contributors and annuitants and of the various  
30 accounts created by this act;

1 (5) Adopt for the system one or more mortality tables and  
2 such other tables as shall be deemed necessary;

3 (6) Certify the rates of deduction from salary necessary to  
4 pay the member's annuities;

5 (7) Certify annually the amount of appropriation which each  
6 municipality shall pay into the retirement fund, which amounts  
7 shall be based on estimates furnished by the actuary, and shall  
8 be credited to the municipal account of the fund;

9 (8) Prepare and publish annually a financial statement  
10 showing the condition of the fund and the various accounts  
11 thereof, and setting forth such other facts, recommendations and  
12 data as may be of use in the advancement of knowledge concerning  
13 the Pennsylvania Municipal Retirement System, and furnish a copy  
14 thereof to each municipality which has joined the system, and to  
15 such persons as may request copies thereof;

16 (9) Keep a record of all its proceedings, which will be open  
17 to inspection by the public;

18 (10) From time to time, with the advice of the Attorney  
19 General and the actuary, adopt and promulgate such rules and  
20 regulations as may be required for the proper administration of  
21 the fund created by this act and the several accounts thereof,  
22 and for the transaction of the business of the board;

23 (11) Be authorized to approve any optional retirement plan  
24 for municipal employes, municipal firemen or municipal police,  
25 with any municipality as long as it is actuarially sound and  
26 benefits under the plan are not in excess of or member's minimum  
27 contribution rates are not less than those provided in other  
28 existing retirement laws pertaining to that class of  
29 municipality;

30 (12) Perform such other functions as are required for the

1 execution of the provisions of this act.

2 Section 105. Preliminary Actuarial Investigation Tables and  
3 Rates.--As soon as may be after the passage of this act, the  
4 actuary shall make an investigation of the mortality, service  
5 and salary experience of municipal employes, municipal firemen  
6 and municipal police as he shall deem necessary, for the purpose  
7 of determining upon tentative tables and municipal  
8 contributions. On the basis of such investigation and  
9 recommendation, the board shall adopt such tentative tables and  
10 certify such tentative rates for the purpose of giving  
11 municipalities and municipal employes, municipal firemen and  
12 municipal police estimates of the cost involved in electing to  
13 join the retirement system established by this act. Such tables  
14 may thereafter be accepted or changed by the board, as  
15 experience may require.

16 Section 106. Information to Municipalities.--The board  
17 shall, with the aid of its actuary, prepare a circular of  
18 information relative to the system, showing estimates of the  
19 costs thereof to municipalities and members, including costs of  
20 administration, the benefits to be derived therefrom, the  
21 methods of administration by the board and the municipality, and  
22 such other information as may be deemed appropriate. Such  
23 circular of information shall be furnished to municipalities  
24 upon request.

25 Section 107. Election by Municipalities to Join Retirement  
26 System.--Any municipality may elect, by ordinance or resolution  
27 adopted by the tax levying body, or in the case of municipal  
28 authorities by the board of such municipal authority to join the  
29 system: Provided, however, That any municipality electing  
30 coverage under the provisions of Article II of this act must

1 have first placed its municipal employes in so far as they are  
2 eligible under the Federal Social Security Act. In the case of  
3 townships of the second class, no resolution shall be adopted,  
4 except by unanimous vote of all three supervisors.

5 Any municipality, by action of its tax levying body, may and  
6 upon petition of electors equal to at least five per cent of the  
7 registered electors of the municipality, shall, submit the  
8 question of joining such system to the voters of the  
9 municipality at any municipal or general election, in the same  
10 manner as other questions are submitted to the electors under  
11 the election code of the Commonwealth. If the majority of the  
12 electors voting on the question vote in favor thereof, the tax  
13 levying body shall adopt an ordinance or resolution electing to  
14 join such system. If the electors vote against joining the  
15 system, then no further action shall be taken in the  
16 municipality for a period of two years.

17 A duly certified copy of any such ordinance or resolution  
18 electing to join the system shall be filed with the board.

19 Section 108. Retirement Funds and Accounts.--The  
20 Pennsylvania Municipal Retirement Fund shall consist of the  
21 money received from municipalities arising from contributions by  
22 municipalities, and from payroll deductions from salary or  
23 compensation of members, and other contributions made by members  
24 through the municipality to the system, from transfers made from  
25 municipal retirement or pension systems and credited as provided  
26 in this act, and investment earnings thereon.

27 Contributions made by municipalities toward superannuation  
28 retirement and death benefits of members shall be credited to  
29 the municipal account of said fund, contributions made by  
30 municipalities toward disability retirement of members shall be

1 credited to the total disability reserve account of said fund,  
2 and payroll deductions and other contributions of members shall  
3 be credited to the member's account of said fund. Transfers made  
4 from existing municipal retirement or pension systems shall be  
5 credited as provided in this act.

6 The board shall keep separate accounts of each municipality  
7 and for each separate class of employes enrolled by that  
8 municipality under the several articles of this act, except the  
9 total disability reserve account and the retired member's  
10 reserve account which shall be maintained as pooled accounts.  
11 Each municipality and the members thereof shall be liable to the  
12 board for the amount of contributions required to cover the cost  
13 of the retirement allowance and other benefits payable to such  
14 members.

15 Upon the granting of a superannuation or voluntary or  
16 involuntary withdrawal retirement allowance to any contributor,  
17 the amount of such contributor's accumulated deductions in the  
18 member's account shall lose their status as accumulated  
19 deductions and shall be transferred to the retired member's  
20 reserve account and the actuarial equivalent of the municipal  
21 annuity shall be similarly transferred from the municipal  
22 account to the retired member's reserve account.

23 Upon the granting of a disability retirement allowance to any  
24 contributor, there shall be transferred to the retired member's  
25 reserve account the amount of the contributor's accumulated  
26 deductions in the member's account, the amount of the equivalent  
27 actuarial value to the municipal annuity, and such additional  
28 amount from the total disability reserve account as is needed in  
29 addition thereto to provide the actuarial equivalent of the  
30 total disability allowance to which the contributor is entitled.

1 Section 109. Custody of and Payments from Fund.--All moneys  
2 and securities in the fund shall be placed in the custody of the  
3 State Treasurer for safekeeping, and all payments on account of  
4 retirement allowances shall be made on requisition signed by the  
5 chairman and secretary of the board.

6 Section 110. Management and Investment of Fund; Interest  
7 Credits.--The members of the board shall be trustees of the  
8 fund, and shall have the exclusive management of said fund, with  
9 full power to invest the moneys therein, subject to the terms,  
10 conditions, limitations and restrictions imposed by law upon  
11 fiduciaries. The said trustees shall have power to hold,  
12 purchase, sell, assign, transfer and dispose of any securities  
13 and investments in said fund, as well as the proceeds of such  
14 investments, and of the money belonging to such fund.

15 The board shall annually allow regular interest to the credit  
16 on each account, including each contributor's account.

17 Section 111. Municipal Guarantee.--The regular interest  
18 charges payable and the creation and maintenance of the  
19 necessary reserves for the payment of the municipal and member's  
20 annuities, as to any municipality in accordance with this act,  
21 are hereby made the obligation of that municipality.

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

30 The board shall annually prepare and approve a budget

1 covering the administrative expenses of this act. Such expenses  
2 as approved by the board shall be paid from receipts from  
3 assessments made against each municipality for administrative  
4 expenses. This assessment shall be based on the number of  
5 members in each municipality and shall not exceed the sum of ten  
6 dollars (\$10) per member during calendar year 1973 and a sum of  
7 twenty dollars (\$20) per member in any succeeding year. If in  
8 any year the amount received from such assessments, when imposed  
9 at the maximum rate, is not sufficient to cover the  
10 administrative expenses, then the balance of such expenses shall  
11 be paid from interest earnings on the fund in excess of the  
12 regular interest credited to the municipal and member's  
13 accounts.

14 Section 113. Existing Local Retirement Systems.--Where a  
15 municipality elects to join the system established by this act,  
16 and is then maintaining a retirement or pension system or  
17 systems covering its employes in whole or in part, those  
18 employes so covered, and employes thereafter eligible to join  
19 such pension system, shall not become members of the retirement  
20 system established by this act, unless at the time the  
21 municipality elects to join the system, the members of such  
22 existing retirement or pension system shall, by the affirmative  
23 vote of seventy-five per cent of all the members thereof, elect  
24 to be covered by the retirement system established by this act.  
25 At any time thereafter, within a period of three years after the  
26 municipality has elected to join the system, but not thereafter,  
27 the members of an existing retirement or pension system may, in  
28 like manner, elect to join the system established by this act.  
29 In any such case, provisions may be made for the transfer of  
30 moneys and securities in its retirement or pension fund or

1 funds, in whole or in part, to the fund established by this act.  
2 Securities so transferred shall be only those acceptable to the  
3 board. Securities not so acceptable shall be converted into  
4 cash, and said cash transferred to the fund created by this act.  
5 In any such transfer, provision shall be made to credit the  
6 accumulated deductions of each member, at least the amount he  
7 has paid into the retirement or pension system of the  
8 municipality, which moneys shall be credited against the prior  
9 service contributions of such member, or a municipality may turn  
10 over to the retirement system created by this act any existing  
11 local pension system on a completely funded basis, as to  
12 pensioners and pension credits of members related to prior  
13 service to the date of transfer, or on a partially funded basis  
14 if the municipality pays annually into the retirement system  
15 amounts sufficient to completely liquidate the municipality's  
16 liability for prior service within a period not to exceed thirty  
17 years.

18 No liability, on account of retirement allowances or pensions  
19 being paid from any retirement or pension fund of the  
20 municipality, shall attach against the fund, except as provided  
21 in the agreement, making a transfer of an existing system in  
22 accordance with this section. The liability to continue payment  
23 of pensions not so transferred shall attach against the  
24 municipality, which shall annually make appropriations from its  
25 tax revenues sufficient to pay the same. In cases where workers  
26 covered by an existing retirement or pension system elect to  
27 join the system created by this act, the election to join shall  
28 be deemed to have been made at the time the municipality elected  
29 to join the system, and the liabilities of the municipality  
30 shall be fixed accordingly.

1 Section 114. Monthly Payments.--Any retirement allowance  
2 created under the provisions of this act shall be paid in equal  
3 monthly installments and shall not be increased, decreased,  
4 revoked or repealed, except where specifically otherwise  
5 provided by this act.

6 Section 115. Exemption of Retirement Allowance.--The  
7 retirement allowance and the contributions of members to the  
8 fund, all contributions returned to contributors under the  
9 provisions of this act and the moneys in the fund created by  
10 this act, shall be exempt from any State or municipal tax, and  
11 from any levy, sale, garnishment, attachment or other process  
12 whatsoever, and shall be unassignable except to a beneficiary.

13 Section 116. Source of Municipal Funds.--The amounts to be  
14 paid by municipalities under the provisions of this act shall be  
15 paid out of moneys raised annually by general taxation, or in  
16 the case of townships of the second class, out of taxes levied  
17 for road, bridge and general township purposes and out of moneys  
18 received from the State which are designated for pension  
19 purposes.

## 20 ARTICLE II

### 21 PROVISIONS RELATING TO MUNICIPAL EMPLOYEES

22 Section 201. Purpose.--This article shall provide for the  
23 uninterrupted continuation of retirement plans established under  
24 the act of June 4, 1943 (P.L.886, No.371), known as the  
25 "Municipal Employes' Retirement Law." It shall also provide for  
26 the enrollment of municipal employes' of new municipalities  
27 joining the system, at the contribution rates and benefit rates  
28 outlined in this article of the act.

29 Section 202. Transfer of the Municipal Employes' Retirement  
30 Fund to the Pennsylvania Municipal Retirement Fund.--On the

1 effective date of this act all of the assets and liabilities of  
2 the Municipal Employees' Retirement Fund shall be transferred  
3 intact to the Pennsylvania Municipal Retirement Fund. The rights  
4 and benefits of the members and of the municipalities which have  
5 joined the Municipal Employees' Retirement System shall not be  
6 impaired in any way as a result of this transfer. Likewise, the  
7 obligations and responsibilities of both the members and the  
8 member municipalities which have joined the system shall not be  
9 changed and the contractual arrangements as they existed at the  
10 time the municipalities joined the Municipal Employees'  
11 Retirement System shall continue in force. Prior service credits  
12 for any members so transferred shall be computed from the date  
13 on which the municipality joined the Municipal Employees'  
14 Retirement System.

15 Section 203. Compulsory and Optional Membership.--If a  
16 municipality elects to join the system under the provisions of  
17 this Article II, then each officer other than elected officers,  
18 and each employe thereof other than a municipal fireman and a  
19 municipal policeman, employed on a permanent basis, except one  
20 who is not eligible for Federal Social Security coverage and  
21 except one who is covered by an existing retirement or pension  
22 system and is exempted under section 113 of this act, shall be  
23 required to become a member of the system. Each municipality  
24 shall determine whether membership in said system for elected  
25 officials and employes hired on a temporary or seasonal basis  
26 shall be compulsory, optional or prohibited. Where membership  
27 may be optional with an elected officer or an employe hired on a  
28 temporary or seasonal basis, an election to join the system must  
29 be made within one year after the municipality elected to join  
30 the system or within one year after the officer or temporary or

1 seasonal employe first entered the service of the municipality.  
2 Officers and employes paid only on a fee basis shall not be  
3 eligible to join the system.

4 Section 204. Service Allowance; Change of Employment.--In  
5 computing the length of service of a contributor for retirement  
6 purposes, full credit shall be given to each original member for  
7 each year of service rendered to the municipality prior to the  
8 time the municipality joined the system, whether or not such  
9 service was continuous.

10 As soon as practicable, the board shall issue to each  
11 original member a certificate certifying the aggregate length of  
12 service rendered to the municipality prior to the time it joined  
13 the system. Such certificate shall be final and conclusive as to  
14 his prior service unless thereafter modified by the board, upon  
15 application of the member.

16 The time during which a member was absent from service  
17 without pay shall not be counted in computing the service of a  
18 contributor in his certificate, or upon retirement, unless  
19 specifically allowed by the municipality, with the approval of  
20 the board.

21 When a contributor leaves the employ of a municipality which  
22 has joined the system, and enters into the employ of another  
23 municipality which has also joined the system, his service  
24 credits shall remain unimpaired, but in such cases the unpaid  
25 municipal liability for prior service shall be prorated by the  
26 board between the municipalities on an equitable basis.

27 Section 205. Determination of Municipal Liability.--The  
28 actuary shall as soon as may be, determine the present value of  
29 the liability of each municipality for the prior service credits  
30 to its original members, and shall establish an amount payable

1 annually over a period not exceeding thirty years, through which  
2 payments such prior service liability may be funded. Each  
3 municipality shall have the option to spread the payment of such  
4 prior service liability over such period of years.

5 The municipal liability to be determined by the actuary shall  
6 be based upon credit for all years of prior service toward the  
7 municipal annuity of each original member, subject to such of  
8 the following options as the municipality may elect:

9 (1) The municipality may limit to ten years the credit for  
10 prior service toward the municipal annuity of each original  
11 member;

12 (2) The municipality may assume the liability for payment of  
13 the member's contributions for the prior service or any portion  
14 thereof of each original member.

15 The actuary shall also determine, from time to time, the  
16 amount which shall be contributed annually by each municipality  
17 for service credits of original and new members subsequent to  
18 the time the municipality joined the system, and the additional  
19 amount which shall be contributed annually by each municipality  
20 toward a reserve account for disability allowances payable to  
21 original or new members, in order that all future service  
22 liability may be fully funded on an actuarial basis.

23 The amounts so determined by the actuary may be expressed in  
24 a percentage of the payroll of the municipality covering its  
25 contributing members.

26 The cost of making the valuations required by this section  
27 and in the transfer of any existing pension system of any  
28 municipality, shall be part of the costs of administration of  
29 this act.

30 Section 206. Contributions by Members; Consolidation of

1 Credits; Change of Employment.--Each member of the system shall  
2 be required to contribute to the fund such per cent of his  
3 actual salary or compensation, including fees where paid in part  
4 on a fee basis, as shall be computed by the actuary to be  
5 approximately sufficient to procure for him on a superannuation  
6 retirement age, a member's annuity of approximately one two-  
7 hundred-fiftieth of that portion of his final salary on which  
8 social security benefits are payable and of one one-hundred-  
9 twenty-fifth of any portion of his final salary in excess of the  
10 amount on which social security benefits are payable for each  
11 year of service, after the time the municipality by which he is  
12 employed joined the system.

13 In order to increase his member's annuity, each member shall  
14 also have the option to make contributions for his prior  
15 service. Such contributions for prior service may be anticipated  
16 in whole or in part at the time the municipality joins the  
17 system, or payment thereof or such part thereof as is not  
18 anticipated may be spread over a period of time by increasing  
19 the payroll deduction of the member by at least one-third. When  
20 a member elects to contribute on account of all of his unpaid  
21 prior service, his rate of contribution shall be calculated as  
22 of his age at the time he first entered the service of the  
23 municipality: Provided, however, That any municipality may, at  
24 the time it elects to join the system, or at any time  
25 thereafter, agree with the board to pay into the fund as part of  
26 its liability under and in accordance with section 205 hereof,  
27 the moneys necessary to provide the member's contributions for  
28 prior service, and in such case no contributions for prior  
29 service shall be made by the members.

30 Member's contributions shall be paid into the fund by the

1 municipality through payroll deductions in such manner and at  
2 such time as the board may by rule and regulation determine.

3 When a municipal employe is employed by more than one  
4 municipality, he shall be required to make contributions on  
5 account of his salary paid by each municipality. In such cases  
6 the board shall provide for the consolidation of credits of the  
7 contributor and, upon his retirement, for a consolidated  
8 retirement allowance.

9 Section 207. Withdrawal; Return to Service; Death in  
10 Service.--(a) Should a contributor, before reaching  
11 superannuation retirement age, for any reason cease to be a  
12 municipal employe, he shall be paid by the board the full amount  
13 of the accumulated deductions standing to his credit in the  
14 member's account, unless he is entitled to vesting rights or to  
15 a retirement allowance for retirement not voluntarily, and  
16 elects to exercise such vesting rights or take such retirement  
17 allowance. Should such former contributor thereafter return to  
18 the service of the same municipality and restore to the fund, in  
19 such manner as may be agreed upon by such person and the board,  
20 his withdrawn accumulated deductions as they were at the time of  
21 his separation from service, his annuity rights as they existed  
22 at the time of separation from service shall be restored and his  
23 obligations as a member shall begin again. The rate of  
24 contribution of such returning member shall be the same as it  
25 was at the time he separated from service.

26 (b) Should a contributor, having attained or passed  
27 superannuation age, elect, upon leaving the service of the  
28 municipality, not to claim the retirement allowance to which he  
29 is entitled, he shall, upon written application, be paid by the  
30 board the full amount of the accumulated deductions standing to

1 his credit in the member's account.

2 (c) Should a person who has been retired on a retirement  
3 allowance under this act, return to employment on a regular  
4 full-time basis in the same municipality, his retirement  
5 allowance shall cease, and all his rights as they existed at the  
6 time of retirement shall be restored, and such person may by  
7 further service and further payroll deductions add to such  
8 rights on account of future retirement. For the purposes of this  
9 section if a person is reemployed on a temporary or seasonal  
10 basis and his gross post-retirement earnings from such  
11 reemployment during the calendar year are less than two thousand  
12 one hundred dollars (\$2,100) or such other maximum as the board  
13 may establish, he shall not be deemed reemployed, but if and  
14 when his gross post-retirement earnings exceed two thousand one  
15 hundred dollars (\$2,100) or such other maximum as the board may  
16 establish in any calendar year he shall not be entitled to  
17 receive his retirement allowance for that month or any  
18 subsequent month in the calendar year in which he continues in  
19 service. The municipality is required to notify the board  
20 immediately of the reemployment status of any retired former  
21 employe and file separate monthly reports of his gross earnings  
22 as prescribed by the board.

23 (d) Should a contributor die while in service, prior to  
24 becoming eligible for a retirement allowance, his accumulated  
25 deductions shall be paid to his estate, or to such person, if  
26 living, as he shall have designated in writing, filed with the  
27 board as his beneficiary. In case any contributor has failed to  
28 designate a beneficiary, or if the named beneficiary has  
29 predeceased the member and no such successor beneficiary has  
30 been named, and upon the death in service shall have less than

1 one hundred dollars (\$100) in accumulated deductions standing to  
2 his credit, the board may, if letters testamentary or of  
3 administration have not been taken out on his estate within six  
4 months after death, pay such accumulated deductions on the claim  
5 of the undertaker, or to any person or municipality which shall  
6 have paid the claim of the undertaker.

7 Section 208. Superannuation Retirement.--Retirement for  
8 superannuation shall be as follows:

9 (a) Any contributor who has reached superannuation  
10 retirement age may retire for superannuation by filing with the  
11 board a written statement, duly attested, setting forth on what  
12 date he desires to be retired. Said application shall make the  
13 superannuation retirement allowance effective on the date so  
14 specified, if such application was filed in the office of the  
15 board or deposited in the United States mail, addressed to the  
16 board, before the date specified in the application and before  
17 the death of the contributor, but the date so specified in the  
18 application shall not be more than ninety days after the date of  
19 filing, or the date the application was deposited in the mail.

20 (b) On retirement for superannuation, a contributor shall be  
21 entitled to a retirement allowance throughout his life, which  
22 shall consist of:

23 (1) A member's annuity of equivalent actuarial value of his  
24 accumulated deductions; and

25 (2) A municipal annuity which shall be equal to (i) for  
26 current service, one two-hundred-fiftieth of that portion of his  
27 final salary on which social security benefits are payable plus  
28 one one-hundred-twenty-fifth of any portion of his final salary  
29 in excess of the amount on which social security benefits are  
30 payable for each year of service while a member, and in addition

1 thereto, (ii) for prior service in case of an original member,  
2 one two-hundred-fiftieth of that portion of his prior salary on  
3 which social security benefits are payable plus one one-hundred-  
4 twenty-fifth of any portion of his prior salary in excess of the  
5 amount on which social security benefits are payable for each  
6 year of prior service or for a maximum of ten years if the  
7 municipality has so limited the period of prior service, and in  
8 addition thereto, one two-hundred-fiftieth of his prior salary  
9 on which social security benefits are payable plus one one-  
10 hundred-twenty-fifth of any portion of his prior salary in  
11 excess of the amount on which social security benefits are  
12 payable for each year of prior service for which the  
13 municipality has paid or has obligated itself to pay the  
14 member's contributions.

15 (c) In no event shall the municipal annuity exceed fifty per  
16 cent of the final salary.

17 Sections 209. Death Benefits.--(a) The provisions of  
18 subsection (b) and (c) of this section shall not apply to any  
19 member unless the municipality by which he is employed has  
20 elected by ordinance or resolution, to extend the provisions of  
21 this section to its employes. A duly certified copy of such  
22 ordinance or resolution shall be filed with the board.

23 (b) A contributor to the system who is entitled to a  
24 superannuation retirement allowance by reason of having reached  
25 superannuation retirement age or who is entitled to a withdrawal  
26 allowance by reason of having completed twenty-four years of  
27 total service, may file with the board a written application for  
28 retirement, in the form required for such application, but  
29 requesting that such retirement shall become effective as of the  
30 time of his death, electing one of the options provided in

1 section 211 and nominating a person having an insurable interest  
2 in his life under said option as required in said section. In  
3 all such cases, the application shall be held by the board until  
4 the contributor shall file a later application in the usual  
5 manner for a superannuation retirement allowance or until the  
6 death of the contributor occurring while in municipal service,  
7 at which time his retirement shall become effective with the  
8 same benefits to the person designated as if the contributor had  
9 retired on the day immediately preceding his death.

10 (c) A contributor to the system who is entitled to a  
11 superannuation retirement allowance by reason of having reached  
12 superannuation retirement age or who is entitled to a withdrawal  
13 allowance by reason of having completed twenty-four years of  
14 total service and who has died in municipal service before  
15 filing with the board a written application for a superannuation  
16 retirement allowance as provided in subsection (b) of this  
17 section shall be considered as having elected Option 1 as  
18 provided in section 211 as of the date of his death. In such  
19 event, payment under Option 1 shall be made to the beneficiary  
20 designated in the nomination of beneficiary form on file with  
21 the board, or if said beneficiary has predeceased the  
22 contributor, to the legal representative of said contributor.

23 Section 210. Early Retirement.--Should a contributor be  
24 discontinued from service not voluntarily, after having  
25 completed eight years of total service, or voluntarily after  
26 having completed twenty-four years of total service, but in  
27 either event before reaching superannuation retirement age, he  
28 shall be paid as he may elect, as follows:

29 (1) The full amount of the accumulated deductions standing  
30 to his credit in the member's account of the fund; or

1 (2) Upon the filing of an application in the manner outlined  
2 in subsection (a) of section 208, a retirement allowance which  
3 shall consist of (i) a member's annuity of equivalent actuarial  
4 value to his accumulated deductions; and (ii) a municipal  
5 annuity of equivalent actuarial value to the present value of a  
6 municipal annuity, beginning at superannuation retirement age,  
7 calculated in accordance with the provisions of section 208; or

8 (3) If qualified, a deferred retirement allowance as  
9 provided in section 213.

10 Section 211. Options on Superannuation or Early  
11 Retirement.--At the time of his superannuation or early  
12 retirement, a contributor may elect to receive his benefits in a  
13 retirement allowance payable throughout his life, which shall be  
14 known as a single life annuity, or instead, he may elect to  
15 receive the equivalent actuarial value at that time of his  
16 retirement allowance in a lesser allowance, payable throughout  
17 life with provisions that:

18 (1) Option 1. If he shall die before receiving in payments  
19 the present value of his retirement allowance as it was at the  
20 time of his retirement, the balance, if less than five thousand  
21 dollars (\$5,000), shall be paid in a lump sum to his legal  
22 representative, or to or in trust for his beneficiary. If the  
23 balance is five thousand dollars (\$5,000) or more, the  
24 beneficiary may elect by application duly acknowledged and filed  
25 with the board to receive payment of such balance according to  
26 any one of the following provisions: (i) a lump sum payment;  
27 (ii) an annuity having a present value equal to the balance  
28 payable; (iii) a lump sum payment and an annuity. Such annuity  
29 shall be of equivalent actuarial value to the balance payable  
30 less the amount of the lump sum payment specified by the

1 beneficiary.

2 (2) Option 2. Upon his death, his retirement allowance  
3 shall be continued throughout the life of and paid to his  
4 survivor annuitant, if then living.

5 (3) Option 3. Upon his death, one-half of his retirement  
6 allowance shall be continued throughout the life of and paid to  
7 his survivor annuitant, if then living.

8 Section 212. Disability Retirement.--(a) After a contributor  
9 has had ten or more years of total service, he may, upon  
10 application or on the application of one acting in his behalf,  
11 or upon application of a head of the department of the  
12 municipality by which he is employed, be retired by the board on  
13 a disability allowance if he is under superannuation retirement  
14 age, and on a superannuation retirement allowance if he has  
15 attained or passed such age, if the physician designated by the  
16 board, after medical examination of the contributor made at the  
17 place of residence of the contributor or at a place mutually  
18 agreed upon, shall certify to the board that the contributor is  
19 unable to engage in any gainful employment and that said  
20 contributor ought to be retired. When the disability of a  
21 contributor is determined to be service-connected, as defined in  
22 this act, no minimum period of service shall be required for  
23 eligibility. Application filing requirements shall be identical  
24 to those outlined in subsection (a) of section 208.

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

27 (1) A member's annuity of the equivalent actuarial value to  
28 his accumulated deductions;

29 (2) A municipal annuity of the equivalent actuarial value to  
30 the present value of a municipal annuity, beginning at

1 superannuation retirement age, calculated in accordance with the  
2 provision of section 208; and

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

7 Where the disability of the member is determined to be service-  
8 connected, as defined in this act, the retirement allowance  
9 shall equal fifty per cent of his final salary. The disability  
10 annuity shall be reduced by the amount of any payments for which  
11 the member shall be eligible under the act of June 2, 1915  
12 (P.L.736, No.338), known as "The Pennsylvania Workmen's  
13 Compensation Act," or the act of June 21, 1939 (P.L.566,  
14 No.284), known as "The Pennsylvania Occupational Disease Act."

15 (c) Once every year the board may require any disability  
16 annuitant, while still under superannuation retirement age, to  
17 undergo medical examination by a physician designated by the  
18 board. Such examination shall be made at the place of residence  
19 of the beneficiary or other place mutually agreed upon. Should  
20 the physician report and certify to the board that such  
21 disability beneficiary is no longer physically or mentally  
22 incapacitated for the performance of duty and is able to engage  
23 in a gainful occupation, then his disability retirement  
24 allowance shall be discontinued, and in lieu thereof an early  
25 involuntary retirement allowance shall at that time be granted  
26 as if such person had been retired not voluntarily, if such  
27 person shall have had eight or more years of total service.

28 (d) Should a disability annuitant, while under  
29 superannuation retirement age, refuse to submit to at least one  
30 medical examination in any year by a physician designated by the

1 board, his disability retirement allowance shall be discontinued  
2 until the withdrawal of such refusal, and should such refusal  
3 continue for one year, then all his rights in and to any  
4 disability retirement allowance or for early involuntary  
5 retirement allowance provided for by this act, shall be  
6 forfeited.

7 (e) Any contributor entitled to retire for disability may,  
8 in lieu of such retirement, if he has eight or more years of  
9 total service, elect to retire not voluntarily under the  
10 provisions of this act.

11 (f) Should a disability annuitant die before the total  
12 disability retirement allowance received shall be at least equal  
13 to the amount of his accumulated deductions at the time of  
14 disability retirement, then the board shall pay to the named  
15 beneficiary, if living, or if the beneficiary predeceased the  
16 annuitant, or no beneficiary was named, then to the annuitant's  
17 estate, an amount equal to the difference between such total  
18 retirement allowance received and the annuitant's accumulated  
19 deductions, and if such difference is less than one hundred  
20 dollars (\$100) and no letters have been taken out on the estate  
21 within six months after death, then such difference may be paid  
22 to the undertaker or to any person or municipality who or which  
23 shall have paid the claim of the undertaker.

24 Section 213. Vesting.--(a) Should a contributor, before  
25 reaching superannuation retirement age and after having  
26 completed twelve years of total service, for any reason cease to  
27 be a municipal employe, he shall be entitled to vest his  
28 retirement benefits until he attains superannuation retirement  
29 age, by filing with the board a written notice of his intentions  
30 to vest, within ninety days of the date of his termination.

1 (b) A contributor, who was terminated not voluntarily, may  
2 elect, after he has vested, to be paid as follows:

3 (1) The full amount of the accumulated deductions, including  
4 interest to the date of termination, standing to his credit in  
5 the member's account of the fund; or

6 (2) An early retirement allowance as computed under the  
7 provisions of clause (2) of section 210; or

8 (3) Upon reaching superannuation retirement age, a  
9 superannuation retirement allowance as computed under the  
10 provisions of section 208.

11 (c) A contributor, who voluntarily terminated his service,  
12 may elect, after he has vested, to be paid as follows:

13 (1) The full amount of the accumulated deductions, including  
14 interest to the date of termination, standing to his credit in  
15 the member's account of the fund; or

16 (2) If the contributor has completed twenty-four years or  
17 more of total service, a voluntary withdrawal allowance computed  
18 in accordance with the provisions of section 210; or

19 (3) Upon reaching superannuation retirement age, a  
20 superannuation retirement allowance as computed under the  
21 provisions of section 208.

22 (d) Should a contributor, who has vested, die before he  
23 becomes eligible for a retirement allowance, the full amount of  
24 the accumulated deductions, including interest to the date of  
25 his termination, standing to his credit in the member's account  
26 of the fund shall be paid to his estate or to his named  
27 beneficiary in accordance with the provisions of subsection (d)  
28 of section 207.

29 Section 214. Withdrawal Prohibited.--No municipality, after  
30 it has joined the system under the provisions of this Article

1 II, shall be permitted to withdraw therefrom, and, in the case  
2 of failure to make payments as required by this act, the  
3 Commonwealth shall withhold payment to the municipality any  
4 funds to which the municipality may be entitled for pension  
5 purposes. The board may recover any sums due to the fund by suit  
6 at law, or other appropriate remedy.

7 Section 215. Procedures for Amending Contracts.--Any  
8 municipality which has joined the system under the provisions of  
9 this Article II may, with the approval of the board, enter into  
10 a contract with the board as outlined in Article IV of this act,  
11 to increase any of the benefits enumerated in Article IV. The  
12 board shall not enter into any contract with any municipality  
13 which decreases benefits, nor shall it enter into any contract  
14 with a municipality which provides for benefits in excess of or  
15 minimum member's contribution rates less than those available to  
16 it under any other existing law pertaining to the establishment  
17 of retirement systems for that class of municipality. Before the  
18 board approves any such contract it shall first determine,  
19 through its actuary, that the plan outlined in the contract is  
20 actuarially sound. Any municipality which elects to enter into a  
21 contract for increased benefits which would result in an  
22 increase in its employes contribution rates shall first obtain  
23 the written consent of at least seventy-five per cent of its  
24 then member employes. Additional costs for contracted increases  
25 in benefits shall become the responsibility of the municipality  
26 and/or the members as specified in the contract.

27 ARTICLE III

28 PROVISIONS RELATING TO MUNICIPAL FIREMEN AND MUNICIPAL POLICE

29 Section 301. Purpose.--This article shall provide for the  
30 uninterrupted continuation of retirement plans established under

1 the act of July 31, 1968 (P.L.944, No.291), known as the  
2 "Municipal Police Retirement Law." It shall also provide for the  
3 enrollment of municipal firemen and municipal police of new  
4 municipalities joining the system at the contribution rates and  
5 benefit rates outlined in this article of the act.

6 Section 302. Transfer of the Municipal Police Retirement  
7 Fund to the Pennsylvania Municipal Retirement Fund.--On the  
8 effective date of this act all of the assets and liabilities of  
9 the Municipal Police Retirement Fund shall be transferred intact  
10 to the Pennsylvania Municipal Retirement Fund. The rights and  
11 benefits of the members and of the municipalities which have  
12 joined the Municipal Police Retirement System shall not be  
13 impaired in any way as a result of this transfer. Likewise, the  
14 obligations and responsibilities of both the members and the  
15 municipalities which have joined the system shall not be changed  
16 and the contractual arrangements as they existed at the time the  
17 municipalities joined the Municipal Police Retirement System  
18 shall continue in force. Prior service credits for any members  
19 so transferred shall be computed from the date on which the  
20 municipality joined the Municipal Police Retirement System.

21 Section 303. Compulsory Membership.--If a municipality  
22 elects to cover its municipal firemen under the provisions of  
23 the system created by this Article III, then each municipal  
24 fireman shall be required to become a member of the system.

25 If a municipality elects to cover its municipal police under  
26 the provisions of the system created by this Article III, then  
27 each municipal policeman shall be required to become a member of  
28 the system.

29 Section 304. Separate Ordinances or Resolutions; Separate  
30 Accounts.--Any municipality electing to cover both its municipal

1 firemen and municipal police under the system created by this  
2 Article III shall be required to pass separate ordinances or  
3 resolutions covering each class of employes.

4 The board shall maintain separate accounting records for  
5 municipal firemen and for municipal police. However, in the  
6 interest of good investment practice, the board may, in its  
7 discretion, comingle moneys received from municipalities,  
8 municipal employes, municipal firemen and municipal police.

9 Section 305. Service Allowance; Military Service; Change of  
10 Employment.--In computing the length of service of a contributor  
11 for retirement purposes, full credit shall be given to each  
12 original member for each year of service rendered to the  
13 municipality prior to the time the municipality joined the  
14 system.

15 Any municipal fireman or municipal policeman employed by a  
16 municipality who has been a regularly appointed fireman or  
17 policeman for a period of at least six months and who  
18 thereafter, heretofore, or hereafter, shall be inducted into the  
19 military service of the United States in times of war, armed  
20 conflict, or national emergency, so proclaimed by the President  
21 of the United States, shall have credited to his employment  
22 record, for pension or retirement benefits, all of the time  
23 spent by him in such military service during the continuance of  
24 such war, armed conflict, or national emergency if such person  
25 returns or has heretofore returned to his employment within six  
26 months after his separation from the service.

27 As soon as practicable, the board shall issue to each  
28 original member a certificate certifying the aggregate length of  
29 service rendered to the municipality prior to the time it joined  
30 the system. Such certificate shall be final and conclusive as to

1 his prior service unless thereafter modified by the board, upon  
2 application of the member.

3 The time during which a member was absent from service  
4 without pay, except for military service, shall not be counted  
5 in computing the service of a contributor in his certificate, or  
6 upon retirement unless specially allowed by the municipality,  
7 with the approval of the board.

8 When a contributor leaves the employ of a municipality which  
9 has joined the system, and enters into the employ of another  
10 municipality which has also joined the system, his service  
11 credits shall remain unimpaired, but in such cases the unpaid  
12 municipal liability for prior service shall be prorated by the  
13 board between the municipalities on an equitable basis.

14 Section 306. Determination of Municipal Liability.--The  
15 actuary shall, as soon as may be, determine the present value of  
16 the liability of each municipality for the prior service credits  
17 to its original members, and shall establish an amount payable  
18 annually over a period not exceeding thirty years, through which  
19 payments such prior service liability may be funded. Each  
20 municipality shall have the option to spread the payment of such  
21 prior service liability over such period of years.

22 The municipal liability to be determined by the actuary shall  
23 be based upon credit for all years of prior service toward the  
24 municipal annuity of each original member.

25 The actuary shall also determine, from time to time, the  
26 amount which shall be contributed annually by each municipality,  
27 for service credits of original and new members subsequent to  
28 the time the municipality joined the system, and the additional  
29 amount which shall be contributed annually by each municipality  
30 toward a reserve account for disability allowances payable to

1 original and new members, in order that all future service  
2 liability may be fully funded on an actuarial basis.

3 The amounts so determined by the actuary may be expressed in  
4 a percentage of payroll of the municipality covering its  
5 contributing members.

6 The payments made by the State Treasurer to the treasurer of  
7 the municipality from moneys received from taxes paid upon  
8 premiums by foreign fire insurance companies for purposes of  
9 pension, retirement or disability benefits for municipal firemen  
10 shall be used as follows: (i) to reduce the unfunded liability  
11 or, after such liability has been funded, (ii) to apply against  
12 the annual obligation of the municipality for future service and  
13 disability reserve costs. It shall be the duty of the governing  
14 body to apply such payments in accordance with the provisions of  
15 this act.

16 The payments made by the State Treasurer to the treasurer of  
17 the municipality from the moneys received from taxes paid upon  
18 premiums by foreign casualty insurance companies for purposes of  
19 pension, retirement or disability benefits for municipal  
20 policemen shall be used as follows: (i) to reduce the unfunded  
21 liability or, after such liability has been funded, (ii) to  
22 apply against the annual obligation of the municipality for  
23 future service and disability reserve costs. It shall be the  
24 duty of the governing body to apply such payments in accordance  
25 with the provisions of this act.

26 The cost of making the valuations required by this section  
27 and in the transfer of any existing pension system of any  
28 municipality, shall be part of the costs of administration of  
29 this act.

30 Section 307. Contributions by Members; Consolidation of

1 Credits.--Each single coverage member of the system created  
2 under this Article III, shall be required to contribute to the  
3 fund such per cent of his actual salary or compensation as shall  
4 be computed by the actuary to be approximately sufficient to  
5 procure for him on superannuation retirement, a member's annuity  
6 of approximately one one-hundredth of his final salary for each  
7 year of service after the time the municipality by which he is  
8 employed joined the system. The member shall not be required to  
9 contribute more than eight per cent of his salary or  
10 compensation to the fund.

11 The amount of contribution by each joint coverage member  
12 shall be computed in the manner described above for a single  
13 coverage member, except that the amount of such deductions from  
14 salary or compensation shall be reduced with respect to wages  
15 (as defined in the Federal Insurance Contributions Act) by forty  
16 per cent of the tax on employes prescribed by the Federal  
17 Insurance Contributions Act exclusive of that portion of such  
18 tax attributable to disability coverage.

19 Members' contributions shall be paid into the fund by the  
20 municipality through payroll deductions in such manner and at  
21 such time as the board may by rule and regulation determine.

22 Section 308. Withdrawal; Return to Service; Death in  
23 Service.--(a) Should a contributor, before reaching  
24 superannuation retirement age, for any reason cease to be a  
25 municipal fireman or a municipal policeman, he shall be paid by  
26 the board the full amount of the accumulated deductions standing  
27 to his credit in the member's account, unless he is entitled to  
28 vesting rights or to a retirement allowance for retirement not  
29 voluntarily, and elects to exercise such vesting rights or take  
30 such retirement allowance. Should such former contributor

1 thereafter return to the service of the same municipality and  
2 restore to the fund, in such manner as may be agreed upon by  
3 such person and the board, his withdrawn accumulated deductions  
4 as they were at the time of his separation from service, his  
5 annuity rights as they existed at the time of separation from  
6 service shall be restored and his obligations as a member shall  
7 begin again.

8 (b) Should a contributor, having attained or passed  
9 superannuation age, elect, upon leaving the service of the  
10 municipality, not to claim the retirement allowance to which he  
11 is entitled, he shall, upon written application, be paid by the  
12 board the full amount of the accumulated deductions standing to  
13 his credit in the member's account.

14 (c) Should a person who has been retired on a retirement  
15 allowance under this act, return to employment on a regular  
16 full-time basis in the same municipality, his retirement  
17 allowance shall cease, and all his rights as they existed at the  
18 time of retirement shall be restored, and such person may by  
19 further service and further payroll deductions add to such  
20 rights on account of future retirement. For the purposes of this  
21 section if a person is reemployed on a temporary or seasonal  
22 basis and his gross post-retirement earnings from such  
23 reemployment during the calendar year are less than two thousand  
24 one hundred dollars (\$2,100) or such other maximum as the board  
25 may establish, he shall not be deemed reemployed, but if and  
26 when his gross post-retirement earnings exceed two thousand one  
27 hundred dollars (\$2,100) or such other maximum as the board may  
28 establish in any calendar year he shall not be entitled to  
29 receive his retirement allowance for that month or any  
30 subsequent month in the calendar year in which he continues in

1 service. The municipality is required to notify the board  
2 immediately of the reemployment status of any retired former  
3 employe and file separate monthly reports of his gross earnings  
4 as prescribed by the board.

5 (d) Should a contributor die while in service, prior to  
6 become eligible for a retirement allowance, his accumulated  
7 deductions shall be paid to his estate, or to such person, if  
8 living, as he shall have designated, in writing, filed with the  
9 board as his beneficiary. In case any contributor has failed to  
10 designate a beneficiary, or if the named beneficiary has  
11 predeceased the member and no successor beneficiary has been  
12 named, and upon the death in service shall have less than one  
13 hundred dollars (\$100) in accumulated deductions standing to his  
14 credit, the board may, if letters testamentary or of  
15 administration have not been taken out on his estate within six  
16 months after his death, pay such accumulated deductions on the  
17 claim of the undertaker, or to such person or municipality which  
18 shall have paid the claim of the undertaker.

19 Section 309. Superannuation Retirement.--Retirement for  
20 superannuation shall be as follows:

21 (1) Any contributor who has reached superannuation  
22 retirement age may retire for superannuation by filing with the  
23 board a written statement, duly attested, setting forth on what  
24 date he desires to be retired. Said application shall make the  
25 superannuation retirement allowance effective on the date so  
26 specified, if such application was filed in the office of the  
27 board or deposited in the United States mail, addressed to the  
28 board, before the date specified in the application and before  
29 the death of the contributor, but the date so specified in the  
30 application shall not be more than ninety days after the date of

1 filing, or the date the application was deposited in the mail.

2 (2) On retirement for superannuation, a contributor shall be  
3 entitled to a retirement allowance throughout his life, which  
4 shall consist of (i) a member's annuity of equivalent actuarial  
5 value to his accumulated deductions, and (ii) a municipal  
6 annuity which shall be equal to, for current service, one one-  
7 hundredth of his final salary for each year of service while a  
8 member, and, in addition thereto for prior service in the case  
9 of an original member, one one-hundredth of his prior salary for  
10 each year of prior service.

11 (3) The superannuation retirement allowance provided in this  
12 section or the withdrawal allowance provided in section 311, as  
13 the case may be, payable to a joint coverage member after the  
14 age at which social security old age insurance benefits become  
15 payable shall be reduced by an amount equal to forty per cent of  
16 the primary insurance amount of social security paid or payable  
17 to him. Such reduction shall be subject to the following  
18 provisions: (i) the reduction in benefits in accordance with  
19 this clause (3) shall not be applied in the case of an annuitant  
20 until age sixty-five, unless such annuitant shall have elected  
21 to receive social security benefits prior to age sixty-five,  
22 (ii) the eligibility of such member for the old age insurance  
23 benefit (primary insurance amount) and the amount of such old  
24 age insurance benefit upon which the reduction in his allowance  
25 shall be based, shall be determined by the board in accordance  
26 with the provisions of the Federal Social Security Act, in  
27 effect on the effective date of superannuation retirement, or  
28 withdrawal, of the member, except that in determining such  
29 eligibility and such amount only wages or compensation for  
30 service covered by the system shall be included, (iii) the

1 reduction in benefits in accordance with this clause (3) shall  
2 apply only to that portion of benefits based on wages as defined  
3 in the Federal Insurance Contribution Act, (iv) the reduction of  
4 benefits in accordance with this clause (3) shall be limited to  
5 the municipal annuity calculated in accordance with clause (2)  
6 of this section, (v) the total sum including social security old  
7 age insurance benefits to be received upon superannuation  
8 retirement or withdrawal by a joint coverage member shall not be  
9 less than the allowance that he would be paid as a single  
10 coverage member, (vi) whenever the amount of the reduction from  
11 the superannuation retirement allowance or the withdrawal  
12 allowance shall have been once determined, it shall remain fixed  
13 for the duration of the allowance, except that any decrease in  
14 the old age insurance benefit under the Federal Social Security  
15 Act shall result in a corresponding decrease in the amount of  
16 the reduction in the allowance, (vii) the reduction provided for  
17 in this clause (3) shall not apply to disability allowances  
18 payable under section 313 of this act.

19 (4) In no event shall the municipal annuity exceed fifty per  
20 cent of the contributor's final salary.

21 (5) Other provisions of this act notwithstanding, any member  
22 of a police force who was a member of a pension fund created  
23 under the provisions of the act of May 29, 1956 (P.L.1804,  
24 No.600), and who was entitled to retire at the age of fifty-five  
25 or sixty years after twenty years of total service, or at the  
26 age of fifty or fifty-five after twenty-five years of service,  
27 and to receive the pension provided by that act, shall have the  
28 same entitlement under the system created pursuant to this act.  
29 The municipal annuity, computed under subclause (ii) of clause  
30 (3) above, shall be increased as needed, in addition to the

1 member's annuity, in order to pay any increased retirement  
2 allowance resulting from the provisions of the act.

3 Section 310. Death Benefits.--(a) A contributor to the  
4 system who is entitled to a superannuation retirement allowance  
5 by reason of having reached superannuation retirement age or who  
6 is entitled to a withdrawal allowance by reason of having  
7 completed twenty-four years of total service, may file with the  
8 board a written application for retirement in the form required  
9 for such application, but requesting that such retirement shall  
10 become effective as of the time of his death, electing one of  
11 the options provided in section 312 of this act and nominating a  
12 person having an insurable interest in his life under said  
13 option as required in said section. In all such cases, the  
14 application shall be held by the board until the contributor  
15 shall file a later application in the usual manner for a  
16 superannuation retirement allowance or until the death of the  
17 contributor occurring while in the municipal service, at which  
18 time his retirement shall become effective with the same  
19 benefits to the person designated as if the contributor had  
20 retired on the day immediately preceding his death.

21 (b) A contributor to the system who is entitled to a  
22 superannuation retirement allowance by reason of having reached  
23 superannuation retirement age or who is entitled to a withdrawal  
24 allowance by reason of having completed twenty-four years of  
25 service and who has died in municipal service before filing with  
26 the board a written application for a superannuation retirement  
27 allowance as provided in subsection (a) of this section shall be  
28 considered as having elected Option 1 as provided in section 312  
29 as of the date of his death. In such event, payment under Option  
30 1 shall be made to the beneficiary designated in the nomination

1 of beneficiary form on file with the board, or if said  
2 beneficiary has predeceased the contributor, to the legal  
3 representative of said contributor.

4 Section 311. Early Retirement.--Should a contributor be  
5 discontinued from service not voluntarily after having completed  
6 eight years of total service, or voluntarily after having  
7 completed twenty-four years of total service, but in either  
8 event before reaching superannuation retirement age, he shall be  
9 paid as he may elect, as follows:

10 (1) The full amount of his accumulated deductions standing  
11 to his credit in the member's account of the fund; or

12 (2) Upon the filing of an application in the manner outlined  
13 in section 309 (a) a retirement allowance which shall consist of  
14 (i) a member's annuity of equivalent actuarial value to his  
15 accumulated deductions, and (ii) a municipal annuity of  
16 equivalent actuarial value to the present value of a municipal  
17 annuity, beginning at superannuation retirement age, calculated  
18 in accordance with the provisions of section 309; or

19 (3) If qualified, a deferred retirement allowance as  
20 provided in section 314.

21 Section 312. Options on Superannuation or Early  
22 Retirement.--At the time of his superannuation or early  
23 retirement, a contributor may elect to receive his benefits in a  
24 retirement allowance payable throughout his life, which shall be  
25 known as a single life annuity, or instead, he may elect, to  
26 receive the actuarial equivalent value at that time of his  
27 retirement allowance in a lesser allowance, payable throughout  
28 life with provisions that:

29 (1) Option 1. If he shall die before receiving in payments  
30 the present value of his retirement allowance as it was at the

1 time of his retirement, the balance, if less than five thousand  
2 dollars (\$5,000) shall be paid in a lump sum to his legal  
3 representative, or to or in trust for his beneficiary. If the  
4 balance is five thousand dollars (\$5,000) or more, the  
5 beneficiary may elect by application duly acknowledged and filed  
6 with the board to receive payment of such balance according to  
7 any of the following provisions: (i) a lump sum payment, (ii) an  
8 annuity having a present value equal to the balance payable,  
9 (iii) a lump sum payment and an annuity. Such annuity shall be  
10 of equivalent actuarial value to the balance payable less the  
11 amount of the lump sum payment specified by the beneficiary.

12 (2) Option 2. Upon his death his retirement allowance shall  
13 be continued throughout the life of and paid to his survivor  
14 annuitant, if then living.

15 (3) Option 3. Upon his death, one-half of his retirement  
16 allowance shall be continued throughout the life of and paid to  
17 his survivor annuitant, if then living.

18 Section 313. Disability Retirement.--(a) After a contributor  
19 has had ten or more years of total service, he may, upon  
20 application or on application of one acting in his behalf, or  
21 upon application of a head of the department of the municipality  
22 by which he is employed, be retired by the board on a disability  
23 allowance if he is under superannuation retirement age, and on a  
24 superannuation retirement allowance if he has attained or passed  
25 such age, if the physician designated by the board, after  
26 medical examination of the contributor made at the place of  
27 residence of the contributor or at a place mutually agreed upon,  
28 shall certify to the board that the contributor is unable to  
29 engage in any gainful employment and that said contributor ought  
30 to be retired. When the disability of a contributor is

1 determined to be service-connected, as defined in this act, no  
2 minimum period of service shall be required for eligibility.  
3 Application filing requirements shall be identical to those  
4 outlined in clause (1) of section 309.

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

7 (1) A member's annuity of equivalent actuarial value to his  
8 accumulated deductions;

9 (2) A municipal annuity of equivalent actuarial value to the  
10 present value of a municipal annuity, beginning at  
11 superannuation retirement age, calculated in accordance with the  
12 provisions of section 309; and

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

26 (c) Once every year the board may require any disability  
27 annuitant, while still under superannuation retirement age, to  
28 undergo medical examination by a physician designated by the  
29 board, and such examination shall be made at the place of  
30 residence of the annuitant or other place mutually agreed upon.

1 Should the physician report and certify to the board that such  
2 disabled annuitant is no longer physically or mentally  
3 incapacitated for the performance of duty and is able to engage  
4 in a gainful occupation, then his disability retirement  
5 allowance shall be discontinued, and in lieu thereof an early  
6 involuntary retirement allowance shall at that time be granted  
7 as if such person had been retired not voluntarily, if such  
8 person shall have eight or more years of total service.

9 (d) Should a disability annuitant, while under  
10 superannuation retirement age, refuse to submit to at least one  
11 medical examination in any year by a physician designated by the  
12 board, his disability retirement allowance shall be discontinued  
13 until withdrawal of such refusal, and should such refusal  
14 continue for one year, then all his rights in and to any  
15 disability retirement allowance or for early involuntary  
16 retirement allowance provided by this act shall be forfeited.

17 (e) Any contributor entitled to retire for disability may,  
18 in lieu of such retirement, if he has eight or more years of  
19 total service, elect to retire not voluntarily under the  
20 provisions of this act.

21 (f) Should a disability annuitant die before the total  
22 disability retirement allowance received shall be at least equal  
23 to the amount of his accumulated deductions at the time of  
24 disability retirement, then the board shall pay to the named  
25 beneficiary, if living, or if the named beneficiary predeceased  
26 the annuitant, or no beneficiary was named, then to the  
27 annuitant's estate, an amount equal to the difference between  
28 such total retirement allowance received and the annuitant's  
29 accumulated deductions, and if such difference is less than one  
30 hundred dollars (\$100) and no letters have been taken out on the

1 estate within six months after death, then such difference may  
2 be paid to the undertaker or to any person or municipality who  
3 or which shall have paid the claim of the undertaker.

4 Section 314. Vesting.--(a) Should a contributor, before  
5 reaching superannuation retirement age and after having  
6 completed twelve years of total service, for any reason cease to  
7 be a municipal fireman or a municipal policeman, he shall be  
8 entitled to vest his retirement benefits until he attains  
9 superannuation retirement age, by filing with the board a  
10 written notice of his intentions to vest, within ninety days of  
11 the date of his termination.

12 (b) A contributor, who was terminated not voluntarily, may  
13 elect, after he has vested, to be paid as follows:

14 (1) The full amount of the accumulated deductions, including  
15 interest to the date of termination, standing to his credit in  
16 the member's account of the fund; or

17 (2) An early retirement allowance as computed under the  
18 provisions of clause (2) of section 311; or

19 (3) Upon reaching superannuation retirement age, a  
20 superannuation retirement allowance as computed under the  
21 provisions of section 309.

22 (c) A contributor, who voluntarily terminated his service,  
23 may elect, after he has vested, to be paid as follows:

24 (1) The full amount of the accumulated deductions, including  
25 interest to the date of termination, standing to his credit in  
26 the member's account of the fund; or

27 (2) If the contributor has completed twenty-four years or  
28 more of total service, a voluntary withdrawal allowance computed  
29 in accordance with the provisions of section 311; or

30 (3) Upon reaching superannuation retirement age, a

1 superannuation retirement allowance as computed under the  
2 provisions of section 309.

3 (d) Should a contributor, who has vested, die before he  
4 becomes eligible for a retirement allowance, the full amount of  
5 the accumulated deductions, including interest to the date of  
6 his termination, standing to his credit in the member's account  
7 of the fund shall be paid to his estate or to his named  
8 beneficiary in accordance with the provisions of subsection (d)  
9 of section 308.

10 Section 315. Compliance.--When a municipality joins the  
11 system, its action shall be construed as compliance with the  
12 provisions of the act of May 29, 1956 (P.L.1804, No.600), or any  
13 other statute requiring the creation of a pension or retirement  
14 system for firemen or police.

15 Section 316. Withdrawal Provisions.--No municipality, after  
16 it has joined the system under the provisions of this Article  
17 III, shall be permitted to withdraw therefrom, except as  
18 hereinafter provided, and in any case of failure to make  
19 payments as required by this act, the Commonwealth shall withhold  
20 payments to the municipality of any funds to which the  
21 municipality may be entitled for pension purposes. The board may  
22 recover any sums due to the fund by suit at law or other  
23 appropriate remedy. Any municipality may withdraw from the  
24 retirement system if (i) the fire department or the police  
25 department is abolished, or (ii) if the municipality is  
26 completely annexed by or consolidated with another municipality,  
27 or (iii) if an ordinance signifying an intention to withdraw is  
28 approved by an affirmative vote of seventy-five per cent of the  
29 entire membership of the municipal legislative body: Provided,  
30 That where the legislative body consist of only three persons,

1 the ordinance or resolution shall be approved by a unanimous  
2 vote: And provided further, That in the case of (iii) the  
3 withdrawal ordinance shall not become effective without the  
4 affirmative vote of seventy-five per cent of the municipal  
5 firemen or the municipal police, as the case may be, affected by  
6 the ordinance.

7 In any such withdrawal, the election to withdraw shall be  
8 deemed to have been made at the time the municipality elected to  
9 withdraw or the members approved the withdrawal, as the case may  
10 be, and the liabilities of the municipality and the rights and  
11 privileges of the members shall be fixed accordingly. No member  
12 who becomes entitled to a benefit or who is receiving a benefit  
13 under the provisions of this act shall be deprived of or lose  
14 such benefit as a result of such withdrawal.

15 When a municipality elects to withdraw from the system  
16 created by this Article III, by an ordinance approved by  
17 seventy-five per cent or more of the entire membership, of its  
18 governing body, and such withdrawal is approved by an  
19 affirmative vote of seventy-five per cent of the municipal  
20 firemen or the municipal police of such municipality, as the  
21 case may be, the municipality shall, at the time of its election  
22 to withdraw, again be subject to any act of the General Assembly  
23 of this Commonwealth which requires the creation of a pension or  
24 retirement system for firemen or police. In any such withdrawal,  
25 provisions shall be made to credit to the accumulated deductions  
26 of each member at least the amount he has paid into the member's  
27 account of the retirement fund created by this act, which moneys  
28 shall be transferred to and credited to his account in a  
29 retirement or pension fund established by the municipality after  
30 its withdrawal from the system created by this Article III.

1 No liability, on account of retirement or disability  
2 allowance being paid from the fund, shall attach against the  
3 fund unless the board specifically agrees to accept such  
4 liability, in which case adequate reserves, as determined by the  
5 board, shall be retained in the fund to continue such payments.  
6 If the board does not agree to accept liability to continue the  
7 payment of such allowances, the liability shall attach against  
8 the municipality and be paid from funds transferred to a  
9 retirement system established subsequent to its withdrawal from  
10 the system or from moneys appropriated annually from tax  
11 revenues sufficient to pay the same.

12 Section 317. Procedures for Amending Contracts.--Any  
13 municipality which has joined the system under the provisions of  
14 this Article III may, with the approval of the board, enter into  
15 a contract with the board as outlined in Article IV of this act,  
16 to increase any of the benefits enumerated in Article IV. The  
17 board shall not enter into any contract with any municipality  
18 which decreases benefits, nor shall it enter into any contract  
19 with a municipality which provides for benefits in excess of or  
20 minimum members contribution rates less than those available to  
21 it under any other existing law pertaining to the establishment  
22 of retirement systems for that class of municipality. Before the  
23 board approves any such contract it shall first determine,  
24 through its actuary, that the plan outlined in the contract is  
25 actuarially sound. Any member municipality which elects to enter  
26 into a contract for increased benefits which would result in an  
27 increase in its employes contribution rates shall first obtain  
28 the written consent of at least seventy-five per cent of its  
29 then member employes. Additional costs for contracted increases  
30 in benefits shall become the responsibility of the municipality

1 and/or the members as specified in the contract.

2 ARTICLE IV

3 OPTIONAL RETIREMENT PLANS

4 Section 401. Purpose.--This article shall provide for the  
5 enrollment of those municipalities in the Pennsylvania Municipal  
6 Retirement System which want to offer retirement benefits to  
7 their employes different from those available under Article II  
8 and Article III of this act. It shall also provide for  
9 increasing member benefits for municipalities formerly enrolled  
10 under the provisions of Article II and Article III of this act.

11 Section 402. Compulsory and Optional Membership.--If a  
12 municipality elects to join the system under the provisions of  
13 this Article IV, it shall first negotiate a contract with the  
14 board, acceptable to both the municipality and the board, which  
15 shall set forth all the specific details of municipal and member  
16 contribution rates and benefits. The municipality shall then  
17 pass an ordinance or resolution electing to join the system, and  
18 confirming the terms of the contract by reference thereto.  
19 Separate contracts and separate resolutions shall be executed  
20 for each class of employes, namely municipal employes, municipal  
21 firemen and municipal police in those cases where the  
22 municipality elects to bring more than one class of its employes  
23 into the system.

24 When a municipality elects to enroll its municipal employes  
25 into the system, then each officer other than elected officers,  
26 and each municipal employe thereof, employed on a permanent  
27 basis, shall be required to become a member of the system. Each  
28 municipality shall determine whether membership in said system  
29 for elected officials and employes hired on a temporary or  
30 seasonal basis shall be compulsory, optional or prohibited.

1 Where membership may be optional with an elected officer or an  
2 employe hired on a temporary or seasonal basis, an election to  
3 join the system must be made within one year after the  
4 municipality elected to join the system or within one year after  
5 the officer or temporary or seasonal employe first entered the  
6 service of the municipality. Officers and employes paid only on  
7 a fee basis shall not be eligible to join the system.

8 When a municipality elects to enroll its municipal firemen or  
9 its municipal police into the system, then each municipal  
10 fireman or each municipal policeman, as defined in section 102  
11 of this act, shall be required to become a member of the system.

12 When a municipality has established a policy of placing new  
13 employes on a probationary status it may elect to refrain from  
14 enrolling such employes into the system for a period of up to  
15 six months from the date the probationary employe first entered  
16 the service of the municipality. In such cases service credits  
17 shall not be earned by the employe for probationary time served  
18 prior to enrollment.

19 Section 403. Contract Provisions.--Any contract for an  
20 optional retirement plan entered into between a municipality and  
21 the board shall not provide for any benefits in excess of or  
22 minimum member's contribution rates less than those available to  
23 that municipality for that class of employes under any existing  
24 law pertaining to the establishment of a retirement or pension  
25 system.

26 The contract shall specifically state the following terms and  
27 conditions:

28 (1) The superannuation retirement age at which a member  
29 shall become eligible for a full normal retirement allowance in  
30 accordance with the formula specified in the contract.

1 (2) Length of service requirements which must be met before  
2 a member becomes eligible for either a superannuation retirement  
3 allowance, an early retirement allowance and the method of  
4 determining any reduction factors involved in the computation of  
5 the amount of the allowance because of retirement prior to  
6 attaining superannuation age.

7 (3) Provisions for the refunding of accumulated deductions  
8 to employes who leave the service of the municipality before  
9 they become eligible for any type of retirement benefit and  
10 whether or not the employe shall be entitled to interest earned  
11 on contributions.

12 (4) Provisions relating to the types and amounts of  
13 disability retirement benefits for which a member may become  
14 eligible, and the qualifications therefore.

15 (5) The availability of any vesting or deferred benefits to  
16 which a member may become entitled.

17 (6) A description of the amount and the manner in which a  
18 member may qualify for any death benefits, both before and after  
19 retirement, including any prescribed payments to widows or  
20 children under eighteen years of age.

21 (7) The formula used to determine the amount of normal  
22 retirement benefits, including an explanation of the salary or  
23 compensation to be used in the computations, and a statement  
24 concerning any social security offset provisions included in the  
25 contract.

26 (8) A description of any optional methods of payment of  
27 retirement allowances available to a member.

28 (9) Any provisions for cost-of-living increases, and  
29 limitations thereon, which may be included.

30 (10) The manner in which the rate or rates of employe

1 contributions shall be determined, together with any provisions  
2 for additional voluntary contributions.

3 (11) The manner in which the rates of contribution from the  
4 municipalities shall be determined.

5 (12) The manner in which costs for prior service for which  
6 the municipality is willing to assume liability shall be  
7 determined, with respect to both the municipality's share and  
8 the member's share, if any.

9 (13) Any other information which might have a bearing on the  
10 costs or benefits of the retirement plan which might be required  
11 by the board in the administration of the plan.

12 Section 404. Determination of Municipal Liability.--The  
13 actuary shall, as soon as may be, determine the present value of  
14 the liability of each municipality for any prior service credits  
15 it has elected to extend to its original members, and shall  
16 establish an amount payable annually over a period not exceeding  
17 thirty years, through which payments such prior service  
18 liability may be funded. Each municipality shall have the option  
19 to spread the payment of such prior service liability over such  
20 period of years.

21 The municipal liability to be determined by the actuary shall  
22 be based upon credit for those years of prior service toward the  
23 municipal annuity of each original member, for which the  
24 municipality has agreed to pay, plus any liability for payment  
25 of the member's contributions for the prior service or any  
26 portion thereof of each original member which the municipality  
27 has agreed to pay.

28 The actuary shall also determine, from time to time, the  
29 amount which shall be contributed annually by each municipality  
30 for service credits of original and new members subsequent to

1 the time the municipality joined the system, and the additional  
2 amount which shall be contributed annually by each municipality  
3 toward a reserve account for disability allowance payable to  
4 original and new members, in order that all future service  
5 liability may be fully funded on an actuarial basis.

6 The amounts so determined by the actuary may be expressed in  
7 a percentage of the payroll of the municipality covering its  
8 contributing members.

9 The payments made by the State Treasurer to the treasurer of  
10 the municipality from moneys received from taxes paid upon  
11 premiums by foreign fire insurance companies for purposes of  
12 pension, retirement or disability benefits for municipal firemen  
13 shall be used as follows: (i) to reduce the unfunded liability  
14 or, after such liability has been funded, (ii) to apply against  
15 the annual obligation of the municipality for future service and  
16 disability reserve costs, and (iii) to reduce member  
17 contributions. It shall be the duty of the governing body to  
18 apply such payments in accordance with the provisions of this  
19 act.

20 The payments made by the State Treasurer to the treasurer of  
21 the municipality from the moneys received from taxes paid upon  
22 premiums by foreign casualty insurance companies for purposes of  
23 pension, retirement or disability benefits for municipal  
24 policemen shall be used as follows: (i) to reduce the unfunded  
25 liability or, after such liability has been funded, (ii) to  
26 apply against the annual obligation of the municipality for  
27 future service and disability reserve costs, and (iii) to reduce  
28 member contributions. It shall be the duty of the governing body  
29 to apply such payments in accordance with the provisions of this  
30 act.

1 The cost of making the valuations required by this section  
2 and in the transfer of any existing pension system of any  
3 municipality, shall be part of the costs of administration of  
4 this act.

5 Section 405. Contributions by Members; Consolidation of  
6 Credits; Change of Employment.--Each member of the system shall  
7 be required to contribute to the fund such per cent of his  
8 actual salary or compensation, including fees where paid in part  
9 on a fee basis, as specified in the contract, which  
10 contributions shall be paid into the fund by the municipality  
11 through payroll deductions in such manner and at such time as  
12 the board may by rule and regulation determine.

13 If such provision is contained in the contract between the  
14 municipality and the board, each member may increase his  
15 member's annuity by electing to make such additional voluntary  
16 contributions as prescribed therein.

17 When a member is employed by more than one municipality, he  
18 shall be required to make contributions on account of his salary  
19 paid by each municipality. In such cases the board shall provide  
20 for the consolidation of credits of the contributor, and upon  
21 his retirement, for a consolidated retirement allowance.

22 When a contributor leaves the employ of a municipality which  
23 has joined the system, and enters into the employ of another  
24 municipality which has also joined the system, his service  
25 credits shall remain unimpaired, but in such cases any unpaid  
26 municipal liability for prior service shall be prorated by the  
27 board between the municipalities on an equitable basis.

28 Section 406. Withdrawal; Return to Service; Death in  
29 Service.--(a) Should a contributor, before reaching  
30 superannuation retirement age, for any reason terminate his

1 employment with the municipality, he shall receive a refund of  
2 his contributions in full, either with or without interest  
3 earned as specified in the contract, unless he may be entitled  
4 to a retirement allowance for early retirement, and elects to  
5 take such retirement allowance. Should such former contributor  
6 thereafter return to the service of the same municipality and  
7 restore to the fund in such manner as may be agreed upon by such  
8 person and the board, his withdrawn contributions as they were  
9 at the time of his separation from service, his annuity rights  
10 as they existed at the time of separation from service, shall be  
11 restored and his obligations as a member shall begin again. The  
12 rate of contribution of such returning member shall be the same  
13 as it was at the time he separated from service.

14 (b) Should a contributor, having attained or passed  
15 superannuation age, elect, upon leaving the service of the  
16 member municipality, not to claim the retirement allowance to  
17 which he is entitled, he shall, upon written application, be  
18 paid by the board the full amount of his contributions standing  
19 to his credit in the member's account, either with or without  
20 interest earned as stipulated in the contract.

21 (c) Should a person who has been retired on a retirement  
22 allowance under this act, return to employment on a regular  
23 full-time basis in the same municipality, his retirement  
24 allowance shall cease, and all his rights as they existed at the  
25 time of retirement shall be restored, and such person may by  
26 further service and further payroll deductions add to such  
27 rights on account of future retirement. For the purposes of this  
28 section if a person is reemployed on a temporary or seasonal  
29 basis and his gross post-retirement earnings from such  
30 reemployment during the calendar year are less than two thousand

1 one hundred dollars (\$2,100) or such other maximum as the board  
2 may establish, he shall not be deemed reemployed, but if and  
3 when his gross post-retirement earnings exceed two thousand one  
4 hundred dollars (\$2,100) or such other maximum as the board may  
5 establish in any calendar year he shall not be entitled to  
6 receive his retirement allowance for that month or any  
7 subsequent month in the calendar year in which he continues in  
8 service. The municipality is required to notify the board  
9 immediately of the reemployment status of any retired former  
10 employe and file separate monthly reports of his gross earnings  
11 as prescribed by the board.

12 (d) Should a contributor die while in service, any death or  
13 survivor benefits for which he may be eligible under the  
14 provisions of the contract shall be paid in accordance with the  
15 terms of the contract.

16 (e) Should a contributor die while in service, and before  
17 becoming eligible for any other benefits contained in the  
18 contract, the full amount of his contributions, either with or  
19 without interest earned as stipulated in the contract, shall be  
20 paid to his estate, or to such person, if living, as he shall  
21 have designated in writing, filed with the board as his  
22 beneficiary. In case any contributor has failed to designate a  
23 beneficiary, or if the named beneficiary has predeceased the  
24 member and no such successor beneficiary has been named, and  
25 upon the death in service shall have less than one hundred  
26 dollars (\$100) in accumulated deductions standing to his credit,  
27 the board may, if letters testamentary or of administration have  
28 not been taken out on his estate within six months after death,  
29 pay such accumulated deductions on the claim of the undertaker,  
30 or to any person or municipality which shall have paid the claim

1 of the undertaker.

2 Section 407. Superannuation Retirement.--Retirement for  
3 superannuation shall be as follows:

4 (1) Any contributor who has reached superannuation  
5 retirement age may retire for superannuation by filing with the  
6 board a written statement, duly attested, setting forth on what  
7 date he desires to be retired. Said application shall make the  
8 superannuation retirement allowance effective on the date so  
9 specified, if such application was filed in the office of the  
10 board or deposited in the United States mail, addressed to the  
11 board, before the date specified in the application and before  
12 the death of the contributor, but the date so specified in the  
13 application shall not be more than ninety days after the date of  
14 filing, or the date the application was deposited in the mail.

15 (2) On retirement for superannuation, a contributor shall be  
16 entitled to a retirement allowance throughout his life, which  
17 shall consist of an amount computed in accordance with the  
18 formula specified in the contract.

19 Section 408. Early Retirement.--Should a member be  
20 discontinued from service not voluntarily, after having  
21 completed a required number of years of total service, or  
22 voluntarily after having completed a required number of years of  
23 total service, but in either event before reaching  
24 superannuation retirement age, he shall be paid, as he may  
25 elect, as follows:

26 (1) The full amount of the accumulated deductions standing  
27 to his credit in the member's account of the fund; or

28 (2) The early retirement allowance, if any, specified in the  
29 contract.

30 Section 409. Options on Superannuation or Early

1 Retirement.--At the time of his superannuation or early  
2 retirement, a contributor may elect to receive his benefits in a  
3 retirement allowance payable throughout his life, which shall be  
4 known as a single life annuity, or instead, he may elect to  
5 receive the actuarial equivalent at that time of his retirement  
6 allowance in a lesser allowance, payable throughout life with  
7 provisions that:

8 (1) Option 1. If he shall die before receiving in payments  
9 the present value of his retirement allowance as it was at the  
10 time of his retirement, the balance, if less than five thousand  
11 dollars (\$5,000), shall be paid in a lump sum to his legal  
12 representative, or to or in trust for his beneficiary. If the  
13 balance is five thousand dollars (\$5,000) or more, the  
14 beneficiary may elect by application duly acknowledged and filed  
15 with the board to receive payment of such balance according to  
16 any one of the following provisions: (i) a lump sum payment,  
17 (ii) an annuity having a present value equal to the balance  
18 payable, (iii) a lump sum payment and an annuity. Such annuity  
19 shall be of equivalent actuarial value to the balance payable  
20 less the amount of the lump sum payment specified by the  
21 beneficiary.

22 (2) Option 2. Upon his death, his retirement allowance  
23 shall be continued throughout the life of and paid to his  
24 survivor annuitant, if then living.

25 (3) Option 3. Upon his death, one-half of his retirement  
26 allowance shall be continued throughout the life of and paid to  
27 his survivor annuitant, if then living.

28 (4) Option 4. Any other optional form of payment contained  
29 in the contract.

30 Section 410. Vesting.--Provisions for vesting may be

1 included in the contract between the municipality and the board.  
2 When such provision is made it shall mean that a contributor who  
3 terminates his employment with the municipality after a  
4 stipulated age or length of service, or both, may, if he so  
5 elects in writing, leave his contributions, as credited to his  
6 account, in the fund, and, upon reaching superannuation  
7 retirement age, receive a superannuation retirement allowance.

8 Section 411. Disability Retirement.--(a) After a member has  
9 had the required number of years of total service as stated in  
10 the contract, he may, upon application or on the application of  
11 one acting in his behalf, or upon application of a head of the  
12 department of the municipality by which he is employed, be  
13 retired by the board on a disability allowance if he is under  
14 superannuation retirement age, and on a superannuation  
15 retirement allowance if he has attained or passed such age, if  
16 the physician designated by the board, after medical examination  
17 of the member made at the place of residence of the member or at  
18 a place mutually agreed upon, shall certify to the board that  
19 the member is unable to engage in any gainful employment and  
20 that said member ought to be retired. Where the disability of a  
21 member is determined to be service-connected, as defined in this  
22 act, no minimum period of service shall be required for  
23 eligibility. Requirements for filing applications shall be  
24 identical to those outlined in clause (1) of section 407.

25 (b) On retirement for disability a member shall receive a  
26 retirement allowance which shall consist of an amount computed  
27 in accordance with the formula specified in the contract.

28 (c) Once every year the board may require any disability  
29 annuitant, while still under superannuation retirement age, to  
30 undergo medical examination by a physician designated by the

1 board. Such examination shall be made at the place of residence  
2 of the beneficiary or other place mutually agreed upon. Should  
3 the physician report and certify to the board that such  
4 disability beneficiary is no longer physically or mentally  
5 incapacitated for the performance of duty and is able to engage  
6 in a gainful occupation, then his disability retirement  
7 allowance shall be discontinued, and in lieu thereof an early  
8 involuntary retirement allowance shall at that time be granted  
9 as if such person had been retired not voluntarily, if such a  
10 provision is included in the contract and if such person shall  
11 have had the required number of years of total service as stated  
12 in the contract.

13 (d) Should a disability annuitant, while under  
14 superannuation retirement age, refuse to submit to at least one  
15 medical examination in any year by a physician designated by the  
16 board, his disability retirement allowance shall be discontinued  
17 until the withdrawal of such refusal, and should such refusal  
18 continue for one year, then all his right in and to any  
19 disability retirement allowance or for early involuntary  
20 retirement allowance provided for by this act, shall be  
21 forfeited.

22 (e) Any contributor entitled to retire for disability may,  
23 in lieu of such retirement, if he has a required number of years  
24 of total service, elect to retire not voluntarily under the  
25 provisions of this act if such provisions are included in the  
26 contract.

27 (f) Should a disability annuitant die before the total  
28 disability retirement allowance received shall be at least equal  
29 to the amount of the credit in his member's account at the time  
30 of disability retirement, then the board shall pay to the named

1 beneficiary, if living, or if the beneficiary predeceased the  
2 annuitant, or no beneficiary was named, then to the annuitant's  
3 estate, an amount equal to the difference between such total  
4 retirement allowance received and the annuitant's accumulated  
5 deductions, and if such difference is less than one hundred  
6 dollars (\$100) and no letters have been taken out on the estate  
7 within six months after death, then such difference may be paid  
8 to the undertaker or to any person or municipality who or which  
9 shall have paid the claim of the undertaker. If the contract  
10 between the municipality and the board provides that upon the  
11 death of a disability annuitant payments in a specific amount  
12 shall be continued to certain beneficiaries, then the provisions  
13 of subsection (f), above, shall not apply and payments shall be  
14 made in accordance with the terms of the contract.

15 Section 412. Withdrawal Prohibited.--No municipality, after  
16 it has joined the system under the provisions of this Article  
17 IV, shall be permitted to withdraw therefrom, and, in the case  
18 of failure to make payments as required by this act, the  
19 Commonwealth shall withhold payments to the municipality of any  
20 funds to which the municipality may be entitled for pension  
21 purposes. The board may recover any sums due to the fund by suit  
22 at law, or other appropriate remedy.

23 Section 413. Procedures for Amending Contracts.--Any  
24 municipality which has joined the system under the provisions of  
25 this Article IV may, with the approval of the board, amend the  
26 contract with the board to increase any of the benefits  
27 enumerated in Article IV to its members. The board shall not  
28 enter into any amended contract with any municipality which  
29 decreases benefits, nor shall it enter into any amended contract  
30 with a municipality which provides for benefits in excess of or

1 minimum member's contribution rates less than those available to  
2 it under any other existing law pertaining to the establishment  
3 of retirement systems for that class of municipality. Before the  
4 board approves any such amended contract it shall first  
5 determine, through its actuary, that the plan outlined is  
6 actuarially sound. Any member municipality which elects to enter  
7 into an amended contract for increased benefits which would  
8 result in an increase in its employes contribution rates shall  
9 first obtain the written consent of at least seventy-five per  
10 cent of its then member employes. Additional costs for increases  
11 in benefits shall become the responsibility of the municipality  
12 and/or the member as specified in the contract.

13 ARTICLE V

14 REPEALS AND EFFECTIVE DATE

15 Section 501. Repeals.--The following act are repealed  
16 absolutely:

17 (1) The act of June 4, 1943 (P.L.886, No.371), known as the  
18 "Municipal Employes' Retirement Law."

19 (2) The act of July 31, 1968 (P.L.944, No.291), known as the  
20 "Municipal Police Retirement Law,"

21 Section 502. Effective Date.--This act shall take effect in  
22 ninety days.