
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 590

Session of
1971

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

REFERRED TO COMMITTEE ON URBAN AFFAIRS, MARCH 29, 1971

AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 county commissioners was adopted.

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

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

1 which record shall be open to inspection by the public.

2 The expense of the administration of this act, exclusive of
3 the payment of retirement allowances, shall be paid by the
4 county by appropriations made on the basis of estimates
5 submitted by the board.

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

19 Section 7. County Employees' Retirement Fund; Transfers
20 Between Classes.--There is hereby created in each county of the
21 second class A, third class, fourth class, fifth class, sixth
22 class, seventh class, and eighth class, in which a retirement
23 system has been established, a County Employees' Retirement Fund
24 which shall consist of all moneys arising from appropriations
25 made by the county and from contributions made by the members of
26 the County Employees' Retirement System and all interest earned
27 by the investments of moneys of the fund. The moneys contributed
28 by the county shall be credited to a county annuity reserve
29 account; and, those contributed by the members shall be credited
30 to a county annuity reserve account. Upon the granting of a

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

26 Each member of the retirement system shall be required to
27 contribute to the fund such per cent of his salary determined as
28 follows:

- | | | |
|----|-----------------|----|
| 29 | (1) Class 1-120 | 5% |
| 30 | (2) Class 1-100 | 6% |

1	(3) Class 1-80	7%
2	(4) Class 1-70	8%
3	(5) Class 1-60	9%

4 Each member may elect to contribute an additional amount not
5 exceeding ten per cent more than the percentage herein required.
6 The contributions shall be paid into the fund through payroll
7 deductions in such manner as the board may require. All
8 contributions including optional additional payments by members
9 shall be credited to the members' annuity reserve account.

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

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

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

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

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

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

27 Section 11. County Guarantee; Annual Budgets.--The regular
28 interest charges payable, the creation and maintenance of the
29 necessary reserves for the payment of the county and members'
30 annuities in accordance with this act, and the additional

1 retirement benefits, are hereby made obligations of the county.
2 The board shall prepare and submit to the county commissioners,
3 on or before the first day of November of each year, an itemized
4 estimate of the amounts necessary to be appropriated by the
5 county to complete the payment of the obligations of the county
6 during the next fiscal year.

7 Section 12. Service Allowance.--In computing the length of
8 service of a contributor for retirement purposes, full credit
9 shall be given to each original member for each year of service
10 rendered to the county prior to January first of the year the
11 retirement system was established. This shall include the
12 services of a county official whose compensation was in the form
13 of fees collected by his office, and shall also include the
14 services of employes paid directly by such county official out
15 of such fees. Full credit shall also be given for each year of
16 service of a contributor who was a per diem employe of the
17 county for a period of at least five years prior to the time the
18 system became effective and who averaged at least two hundred
19 days of employment in each of such years. As soon as
20 practicable, the board shall issue to each original member a
21 certificate certifying the aggregate length of his service prior
22 to January first of the year the retirement system was
23 established. Such certificate shall be final and conclusive as
24 to his prior service, unless thereafter modified by the board
25 upon application of the member. The board may also give credit
26 to any person who was a county employe for each year that he was
27 employed for at least two hundred days per year on a per diem
28 basis for the purpose of the computation of his retirement
29 credit upon payment by the employe of the amount which the board
30 determines should have been his contribution during such period.

1 Such payment may be made in installments over a period fixed by
2 the board. The time during which a member is absent from service
3 without pay may be counted in computing the service of a
4 contributor, if allowed by the county commissioners and approved
5 by the board and if the employe pays both his personal
6 contribution and the county's contribution into the fund based
7 upon the contributions made the year immediately preceding the
8 leave of absence.

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

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

1 contributor at the time so specified.

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

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

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

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

28 (3) For all service prior to the time of commencing
29 contribution, as the time he contributed at the one-one hundred
30 twentieth rate bears to the total time of contribution and as

1 the time he contributed at any other rate herein provided for
2 bears to the total time of contribution.

3 Section 15. Options on Superannuation Retirement.--At the
4 time of his superannuation retirement, any retiree may elect to
5 receive either his retirement allowance payable throughout life,
6 or to receive the full amount of the accumulated deductions
7 standing to his individual credit in the members' annuity
8 reserve account at the time of his voluntary or involuntary
9 retirement, or he may in any event elect to receive the
10 actuarial equivalent of his member's and county annuity in a
11 lesser retirement allowance payable throughout life with
12 provisions that:

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

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

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

30 Should a retiree select a retirement allowance payable

1 throughout his life and fail to receive payments at least equal
2 to his accumulated deductions as of the date of retirement, an
3 amount equal to the balance of his accumulated deductions shall
4 be paid to his legal representative or to a person having an
5 insurable interest in his life, as he shall nominate by written
6 designation filed with the board.

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

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

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

1 because of appointment or election to a position incompatible
2 with his service as a county employe or officer and such employe
3 or officer has not reached the superannuation retirement age,
4 such withdrawal shall be considered involuntary and the
5 contributions of the contributor and the county, at the option
6 of the employe or officer, shall remain in the fund until
7 superannuation age has been reached. In the event a refund of
8 accumulated contributions has been made and the county's
9 accumulated contributions have been withdrawn under the above
10 circumstances, the employe or officer shall be permitted to
11 repay into and the county shall be required to reimburse the
12 fund the amounts paid out, with interest to the date of
13 repayment, thereby reestablishing the rights of the contributor
14 in said fund even though superannuation retirement age has been
15 reached and benefits shall be paid as if the original severance
16 had been involuntary.

17 Any contributor who has completed twenty years of total
18 service and who has reached the superannuation retirement age
19 shall be entitled to the superannuation retirement allowance
20 provided in section 14.

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

30 In all such cases, the application shall be held by the board

1 until the contributor shall file a later application in the
2 usual manner for retirement, or until the death of the
3 contributor occurring while in county service at which time his
4 retirement shall become effective with the same benefits to the
5 designated beneficiary as if the contributor had retired on the
6 day of death.

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

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

25 Section 20. Total Disability Retirement Allowance.--If a
26 contributor after five years of service as a county employe and
27 before reaching superannuation retirement age is disabled while
28 in service and is unable to continue as a county employe, as
29 shown by medical examination, he shall be paid a retirement
30 allowance consisting of a county annuity of twenty-five per cent

1 of his final salary which shall include the member's annuity
2 calculated in accordance with section 14.

3 Section 21. Payment of Balances Where Disability Annuitant
4 Dies.--Should a person receiving a disability retirement
5 allowance die before receiving total payments equal to the
6 amount standing to his credit in the members' annuity reserve
7 account at the time of retirement, there shall be paid to his
8 estate or beneficiary the difference between such credit and the
9 total payments received.

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

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

1 have paid the claim of the undertaker.

2 (b) Where a contributor terminates service after completing
3 eight years of service, he may elect to have the board pay to
4 him the amount standing to his credit in the members' annuity
5 reserve account or, elect vesting and keep his accumulated
6 deductions in the members' annuity reserve account and apply for
7 retirement benefits upon reaching superannuation retirement age.

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

24 Section 25. Subsequent Admissions to Retirement System.--Any
25 county officer whose term of office began after the
26 establishment of the retirement system and who did not become a
27 member of the retirement system when his term of office began,
28 shall be permitted to become a member of the retirement system
29 at any time and shall receive a retirement allowance based upon
30 service as a county employe rendered after such date of

1 membership; however, if membership is consummated within one
2 year from the beginning of such term of office and such sums as
3 would have been deducted from his salary had he become a member
4 at the time of the commencement of such term of office shall
5 have been paid into the retirement system, he shall thereupon
6 become entitled to all the rights and privileges in the
7 retirement system as would have been vested in him had he become
8 a member and contributor at the time his term of office began.

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

29 Section 26. Reinstatement on Return to County Employment.--
30 Any contributor separated from county employment by dismissal,

1 resignation, or any other reason, except retirement, or any
2 county officer having legally withdrawn from the retirement
3 system, who returns to county employment and restores to the
4 fund to the credit of the members' annuity reserve account his
5 accumulated deductions as they were at the time of separation,
6 shall have the annuity rights forfeited by him restored.
7 Payments may be made either in a lump sum or by installments;
8 but, in no event shall the installments be less than sufficient
9 to pay such amount by the time the member attains superannuation
10 retirement age.

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

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

28 Should any such change in records fraudulently made, or any
29 mistake in records inadvertently made, result in any contributor
30 or beneficiary receiving more or less than he would have been

1 entitled to had the records been correct, on the discovery of
2 the error, the board shall correct the error, and shall adjust
3 the payments which shall be made to the contributor or annuitant
4 in such manner that the actuarial equivalent of the benefit to
5 which he was correctly entitled shall be paid.

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

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

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

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

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

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

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

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

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

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

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

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

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