
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 334

Session of
1977

INTRODUCED BY LEWIS, STAUFFER AND REIBMAN, FEBRUARY 14, 1977

RECALLED FROM GOVERNOR AND AMENDED ON THIRD CONSIDERATION,
DECEMBER 5, 1977

AN ACT

1 Amending the act of February 1, 1974 (P.L.34, No.15), entitled
2 "An act creating a Pennsylvania Municipal Retirement System
3 for the payment of retirement allowances to officers,
4 employes, firemen and police of political subdivisions and
5 municipal authorities and of institutions supported and
6 maintained by political subdivisions and municipal government
7 associations and providing for the administration of the same
8 by a board composed of the State Treasurer and others
9 appointed by the Governor; imposing certain duties on the
10 Pennsylvania Municipal Retirement Board and the actuary
11 thereof; providing the procedure whereby political
12 subdivisions and municipal authorities may join such system,
13 and imposing certain liabilities and obligations on such
14 political subdivisions and municipal authorities in
15 connection therewith, and as to certain existing retirement
16 and pension systems, and upon officers, employes, firemen and
17 police of such political subdivisions, institutions supported
18 and maintained by political subdivisions, and upon municipal
19 authorities; providing for the continuation of certain
20 municipal retirement systems now administered by the
21 Commonwealth; providing certain exemptions from taxation,
22 execution, attachment, levy and sale and providing for the
23 repeal of certain related acts," further providing for
24 selection of the chairman and vice chairman of the board, for <—
25 ~~designation of alternates by certain board members,~~ for
26 audits for the credit of excess interest and surplus
27 allocations for administrative expenses and for interest paid
28 while vesting, and changing the date of the itemized estimate
29 to municipalities.

30 The General Assembly of the Commonwealth of Pennsylvania
31 hereby enacts as follows:

1 Section 1. Section 103, act of February 1, 1974 (P.L.34,
2 No.15), known as the "Pennsylvania Municipal Retirement Law," is
3 amended to read:

4 Section 103. Pennsylvania Municipal Retirement Board.--A
5 Pennsylvania Municipal Retirement Board is hereby created, which
6 shall consist of the State Treasurer, Secretary of the
7 Commonwealth, six municipal elected officials or employees of
8 different classes of municipalities which have joined the
9 system, one municipal fireman employed by a municipality which
10 has joined the system and one municipal policeman employed by a
11 municipality which has joined the system. The eight latter
12 members shall be appointed by the Governor from among
13 nominations made by the County Commissioners Association, the
14 Pennsylvania League of Cities, the Pennsylvania Association of
15 Township Commissioners, the Pennsylvania State Association of
16 Township Supervisors, the Pennsylvania State Association of
17 Boroughs and the Pennsylvania Municipal Authorities Association,
18 and associations representing municipal firemen and municipal
19 police, to serve for a term of four years each and until their
20 successors are appointed and qualified. ~~Each of these eight~~ <—
21 ~~latter members may designate an alternate to serve on the board~~
22 ~~whenever that member is unable to be present at a meeting. Such~~
23 ~~alternate member shall have the authority and responsibility of~~
24 ~~the designating member.~~ Appointments of members made by the
25 Governor shall not require the advice and consent of the Senate.
26 The two municipal employe members of the Municipal Employees'
27 Retirement Board, appointed by the Governor from among
28 nominations made by various associations of county and municipal
29 officers, who are serving on the effective date of this act,
30 shall continue to serve as members of the Pennsylvania Municipal

1 Retirement Board until the expiration of their respective terms.

2 A chairman and vice chairman of the board shall be elected by
3 the board [every four years] every year at the January meeting
4 of the board and the chairman and vice-chairman may succeed
5 themselves for the appointed term of four years.

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

9 No appointed member shall serve more than two consecutive
10 full terms.

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

15 A quorum of the board shall consist of six members.

16 Section 2. Section 112 of the act, amended December 19, 1975
17 (P.L.520, No.153), is amended to read:

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

26 The board shall annually prepare and approve a budget
27 covering the administrative expenses of this act. Such expenses
28 as approved by the board shall be paid from receipts from
29 assessments made against each municipality for administrative
30 expenses. This assessment shall be based on the number of

1 members in each municipality and shall not exceed the sum of
2 twenty dollars (\$20) per member per year. If, in the calendar
3 years 1974, 1975, 1976, [and] 1977, 1978 and 1979, the amount
4 received from such assessments, when imposed at the maximum
5 rate, is not sufficient to cover the administrative expenses,
6 then the balance of such expenses, shall be paid from interest
7 earnings on the fund in excess of the regular interest credited
8 to the municipal and member's accounts and shall not, in any
9 year, exceed [one-half of one per cent] three-quarters of one
10 per cent of the total asset value of the fund as of the
11 beginning of the calendar year. The administration of the
12 Pennsylvania Municipal Retirement System shall be audited
13 annually and a report of this audit shall be made annually to
14 the General Assembly.

15 Section 3. Sections 213, 314 and 410 of the act are amended
16 to read:

17 Section 213. Vesting.--(a) Should a contributor, before
18 reaching superannuation retirement age and after having
19 completed twelve years of total service, for any reason cease to
20 be a municipal employee, he shall be entitled to vest his
21 retirement benefits until he attains superannuation retirement
22 age, by filing with the board a written notice of his intentions
23 to vest, within ninety days of the date of his termination of
24 employment. Accumulated deductions will include interest from
25 date of termination until the earlier of the date of the
26 commencement of the annuity or the date of payment of member
27 contributions.

28 (b) A contributor, who was terminated by the municipality
29 not voluntarily, may elect, after he has vested, to be paid as
30 follows:

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

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

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

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

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

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

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

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

28 Section 314. Vesting.--(a) Should a contributor, before
29 reaching superannuation retirement age and after having
30 completed twelve years of total service, for any reason cease to

1 be a municipal fireman or a municipal policeman, he shall be
2 entitled to vest his retirement benefits until he attains
3 superannuation retirement age, by filing with the board a
4 written notice of his intentions to vest, within ninety days of
5 the date of his termination of employment. Accumulated
6 deductions will include interest from date of termination until
7 the earlier of the date of the commencement of the annuity or
8 the date of payment of member contributions.

9 (b) A contributor, who was terminated by the municipality
10 not voluntarily, may elect, after he has vested, to be paid as
11 follows:

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

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

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

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

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

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

29 (3) Upon reaching superannuation retirement age, a
30 superannuation retirement allowance as computed under the

1 provisions of section 309.

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

9 Section 410. Vesting.--Provisions for vesting may be
10 included in the contract between the municipality and the board.
11 When such provision is made it shall mean that a contributor who
12 terminates his employment with the municipality after a
13 stipulated age or length of service, or both, may, if he so
14 elects in writing, leave his contributions, plus interest, as
15 credited to his account, in the fund, and, upon reaching
16 superannuation retirement age, receive a superannuation
17 retirement allowance and accumulated deductions would include
18 interest from date of termination until the earlier of the date
19 of commencement of the annuity or the date of payment of member
20 contributions.

21 Section 4. This act shall take effect immediately.